

Journalist

FINANCIAL TIMES

PUBLISHED IN LONDON AND FRANKFURT

No. 29,376

Saturday July 21 1984

***35p

NATIONWIDE - CARS, VANS, TRUCKS
CONTRACT HIRE, LEASING, FINANCE.
Contact: IAN BILTON at

COWIES

Fleet Sales
MILLFIELD HOUSE, WYLDEN ROAD,
STAND, 7th FLOOR, 44-45, TEL: 3766

WOLSELEY HUGHES

Central to Britain's heating
Heating and Plumbing Merchants.
Farm and Garden Machinery, Engineering, Plastics.

YOUR GUIDE TO INVESTMENTS

Your guide to mortgage rates

p7

HURTING SHOOTIN' FISHERY


AT THE GAME FAIR p15
PROPERTY p10

DEMOCRATIC PARTY CONVENTION p16

The Ferraro factor


POLITICS TODAY
If Mrs Thatcher were president p17

Samuel Johnson in Piccadilly p14



HOW TO SPEND IT

Holiday PLAYTIME



Man freed after 15 years' jail

The Court of Appeal yesterday freed Geoffrey Mycock, 37, after he had served 15 years of a life sentence for murder.

His conviction in 1969 was based mainly on evidence from discredited Home Office forensic scientist Dr Alan Clift. The Crown did not oppose the appeal.

Ten other cases involving Dr Clift's evidence have been referred to the court by Home Secretary Leon Brittan. Two appeals have been rejected, and the court earlier suggested the Home Office had not considered carefully enough which cases deserved a review.

Mr Mycock said he would seek compensation.

Argentina blamed

The Government said a change of heart by Argentina caused the breakdown of talks on normalising relations. Back, Page 2

Schools Bill dropped

The new French Government withdrew the Socialist's controversial private schools Bill. Page 2

Nigeria cools Dikko row

Nigeria is apparently trying to take the heat out of the row over the Dikko kidnapping. Page 2

Soviet truck held

A Soviet truck with nine tons of freight is being held by West Germany, after leaving Geneva for Moscow because the Swiss refused to accept it was a diplomatic bag. Page 2

Busloads of defectors

A group of 119 Polish Roman Catholics bound for Rome left their buses in Vienna and asked for political asylum, the biggest mass defection since the World Cup in 1982.

Israel polls back Labour

Two polls made Israel's opposition Labour Party favourites to win Monday's election, but forming a coalition will be as hard as ever. Page 2

Dutch warn Unesco

The Netherlands warned it might leave the UN Educational, Scientific and Cultural Organisation (Unesco) if it was not reformed. Britain and the U.S. have given similar warnings.

Safer by air

Deaths from air accidents dropped from 0.17 to 0.03 per 100m passenger-kilometers, between 1973 and 1982, a Swiss study showed. Page 2

S. African tour ban

New Zealand Premier-elect David Lange said he would ban South African sports teams, but New Zealanders would not be refused passports to play in South Africa.

Sunless Saturday

The Sun newspaper will not appear today because of a strike by journalists. It was yesterday fined £5,000 for contempt of court over a headline and photograph published with a report of a baby-battering trial.

Pump for information

Shell is to launch a game called Shell Mastermind, based on the TV series, at petrol stations, with 40,000 prizes a day. Feature, Page 17

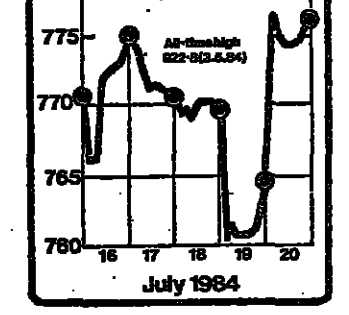
British Gas privatisation Bill delayed

LEGISLATION providing for the privatisation of some of British Gas's activities has had to be put off for a year, largely because of delaying tactics by Energy Secretary Peter Walker and British Gas chairman Sir Denis Rooke who want to see the corporation sold as an integrated operation.

The enabling Bill had been pencilled in for the coming 1984/85 session but has now been dropped from the list for this November's Queen's Speech. Back Page

Equities gained on prospects of a dock strike settlement

U.S. interest rates dampened buyers' enthusiasm. The FT Industrial Ordinary index closed 11.5 up at 776.2 for a rise of 5.5 on the week. The Bank of England took advantage of a recovery in gilt to announce the issue of £700m of existing stocks on Monday. Page 22



DOLLAR

firm on fears of higher U.S. interest rates; its trade-weighted index equalled Wednesday's record high of 136.9. Sterling lost 25 points against the dollar to close at \$1.324 but gained against European currencies on prospects of a dock strike settlement; its trade-weighted index rose from 78.6 to 78.7. Page 21

OIL

Majority told the British National Oil Corporation that they would expect to reopen talks on official North Sea crude prices if spot prices did not improve soon. Page 3

NATIONAL SAVINGS

The 27th issue of certificates, launched in April but quickly undermined by rising interest rates, is to be suspended. A new issue will be introduced on August 8 yielding a tax-free return over five years of 9 per cent a year. Page 3

INTER CITY Enterprises

the Government-backed body set up by City institutions to promote investment in inner city development, failed to generate any projects in its first year. Page 3

BOLIVIA

told its commercial bank creditors that it needed another three months before it could resume interest payments on its foreign debt. Page 2

JAPAN'S lower house

approved Bills providing for the privatisation of the state-run telecommunications company and curtailment of its monopoly powers. Page 2

ROLLS-ROYCE

opened a campaign to revive its Bentley marque with the launch of two new models—the Eight, at £49,497, and the Continental, at £74,108. Page 3

ALLIS-CHALMERS

U.S. farm and process machinery maker hit by continuing stagnation in the U.S. agricultural equipment market, cut first-half losses from \$82.5m to \$27.7m (£21m). Page 19

Docks peace formula approval likely today

BY BRIAN GROOM, LABOUR STAFF

SHOP STEWARDS representing 35,000 docks and waterways workers are today expected to approve a peace formula to end their two-week national strike and allow Britain's ports to return to normal working on Monday.

Hundreds of dockers in at least 11 ports jumped the gun by returning to work yesterday, one the national peace formula had been drawn up during 16 hours of talks at the London headquarters of the Advisory, Conciliation and Arbitration Service.

All cross-Channel ferries were sailing normally after stranded lorry drivers lifted their blockades of Continental ports. The situation eased further when the National Union of Seamen suspended its ban on the movement of Sealink freight traffic. The union had been protesting at the Government's plan to privatise Sealink, now sold to Sea Containers.

The peace formula, details of which have not been disclosed, seems to allow both sides to salvage some dignity. Employers believe they have not caved in to the union demands, but one union negotiator said: "We have got the guarantees we were seeking."

The Transport and General Workers' Union wanted a guarantee that clause 10 of the National Dock Labour Scheme, which governs the use of non-registered labour in certain circumstances, would not be broken in future.

The employers were reluctant to concede what they felt would amount to a separate industrial agreement to supersede the statutory scheme.

The National Association of Port Employers went to great lengths yesterday to prevent details of the peace formula being leaked, believing that it would be difficult for union officials to sell the deal to their members. Union leaders, on the other hand, were confident it would be accepted by today's delegates conference.

A settlement would remove a serious threat to the economy which had alarmed Ministers and the City. The breakthrough was welcomed by Mr Nicholas Ridley, the Transport Secretary, and the Confederation of British Industry.

The Institute of Directors said a return to work would undermine support for Mr Arthur Scargill, the miners' union leader, "and his frankly politically motivated campaign against the Government."

Union leaders insisted that they had not been influenced by the collapse of the Dover dockers' strike on Thursday night, under threats of violence from stranded lorry drivers. Workers at Felixstowe, the

country's biggest container port, returned to work yesterday. They might have gone back even if there had been no settlement.

According to reports reaching employers' organisations in London, dockers went back yesterday at Poole, Plymouth, Portsmouth, Ipswich, Great Yarmouth, Montrose, Shoreham, Harwich, North Shields and Wisbech. Dockers at South Shields and some Medway ports are expected to return today.

At most of the big ports like Liverpool and Hull, dockers will hold mass meetings tomorrow to vote on the outcome of the delegate conference.

The strike started 12 days ago over British Steel's use of unregistered labour to unload iron ore at Immingham, Humberside.

In Dover yesterday Mr Les Sharp, the shop stewards' leader, said lorry drivers had "bullied" the dockers into withdrawing their support for the strike. Drivers had threatened to "burn the place down" if they were unable to move by 10 pm on Thursday.

Mr Sharp said: "We had women and children in the docks and we could not put them in the front line." Mounting tension could have led to a confrontation.

Continued on Back Page

Countdown on Back Page, Page 4

Washington talks on troubled U.S. bank

By William Hall in New York

TOP OFFICIALS of America's principal banks met the Federal Deposit Insurance Corporation in Washington yesterday, as speculation mounted that the U.S. bank regulators were close to a permanent solution to the problems of Continental Illinois, the big Chicago bank, which has suffered a multi-billion run on its deposits.

The FDIC, masterminding the bank's rescue, refused to confirm the Washington meeting. However, several New York banks said the FDIC had called their senior executives in Washington.

Mr David Taylor, Continental Illinois' chairman, was also in Washington, continuing to discuss a long-term solution to his institution's funding problems. The bank is drawing more than \$10bn (£7.6bn) on an overnight basis from the combined official and private-sector support group.

Bankers said the broad outlines of a solution was in place, though the details had still to be tied up. It is generally accepted that the FDIC will take over a substantial part of the bank's problem loans and will be given a controlling interest in Continental Illinois.

Continental Illinois' share price recovered slightly in early dealings yesterday, rising \$1 yesterday morning to \$37. This valued the bank which has assets of \$35bn, at \$150m.

Cash crisis closer after EEC deadlock

BY QUENTIN PEEL IN BRUSSELS

THE European Commission yesterday addressed an urgent appeal to the foreign ministers of the 10 to tackle the EEC's looming cash crisis after their budget ministers had failed to agree on how to finance community spending for the rest of the year.

The commission issued the call after an emergency meeting in Brussels yesterday to consider how to react to the deadlock caused by Britain's refusal to approve any supplementary budget in 1984.

In spite of meeting for 24 hours in virtually continuous session the budget ministers gave up the struggle at 9.30 yesterday morning to reach agreement on how to cut, postpone, or find additional funds for increased spending of some Ecu 2.07bn (£2.03bn). Most of that is to finance the increased cost of approved price support programmes for farmers.

However, the ministers did succeed in reaching a tentative agreement on a severely pruned budget for 1985, cut by some Ecu 1.9bn from Ecu 28.1bn to just under Ecu 26.2bn.

They insisted that next year's spending be kept within the revenue ceiling of 1 per cent of the value of a common basket of goods, the so-called value added tax ceiling, pending approval by national parliaments of an increase in the ceiling to 1.4 per cent.

The budget ministers' failure to bring the EEC an inexorable step closer to running out of cash needed to finance farm purchases. This is now forecast for some time towards the end of October.

In a statement yesterday the commission said it was "deeply disappointed."

It said: "The community still does not possess the finances necessary to carry out the policies which it has itself decided. Nor has it sufficient means for functioning normally during the current year or next year."

The commission hopes the foreign Ministers, who meet on Monday in their last full council session before the summer holiday, will consider the political implications of the budget impasse and "create the conditions for a rapid and positive continuation of the work of the budget council."

However, the expectation in Brussels is that Britain will maintain its absolute insistence that all community spending must be kept within the present revenue ceiling. As any extra finance requires a special ruling under the Treaty of Rome, Britain has a veto on the decision.

An extra incentive for the British Government to keep spending in 1984 to the present ceiling comes from the budget rebate deal agreed in Fontainebleau, which set the UK rebate for 1984 at a lump sum of Ecu 1bn. In future years it will be a variable sum, amounting to two-thirds of the gap between British contributions and receipts from the community, meaning that Britain will pay only a modest 7 per cent of any increase in spending in later years.

Milk output, Page 3

BBC faces independent audit

BY RAYMOND SNODDY

THE GOVERNMENT has called for an independent audit of the financial and managerial performance of the BBC.

The BBC said yesterday that its board of governors had agreed to a request from Mr Leon Brittan, the Home Secretary, that there should be a "value for money" inquiry by independent consultants into the BBC's domestic services.

This is the first time a Home Secretary has called for such an inquiry. Its results are clearly intended to provide a benchmark for negotiations, due to start in the autumn, for a new, three-year television licence fee for the BBC.

Mr Stuart Young, the chairman of the BBC, said last night: "I and fellow governors think it is entirely right that we take every opportunity to establish in the minds of members of Government and licence fee-payers that the corporation is run efficiently and effectively, and with proper regard to the taxpayer's money."

The BBC said its performance was under continuous internal review but that the organisation "had no wish to stand in the way of the Home Secretary's

broad objective to ensure that the corporation is making the best use of its resources."

The present licence fee of £46 will bring the BBC about £700m this year. The corporation has yet to decide how much it will be seeking for the new fee, which will be effective from next March, but has implied that it will need much more than £60 if it is to compete with the ITV companies.

Mr Brittan recently made clear that he supported the concept of a universal licence fee and valued the tradition of public service broadcasting. But he warned the BBC that it would have to demonstrate that it was bringing value for money and that a proper balance would have to be struck between the needs of the corporation and those of the public.

The review will be appointed by the BBC. Discussions on the terms of reference and the choice of consultants will be held with the Home Office soon. Yesterday, apparently by coincidence, the Government announced it is to carry out an extensive review of the efficiency and effectiveness of the BBC's External Services.

These broadcast by radio in 37 languages, claim a weekly audience of at least 100m people and are funded by Government grant-in-aid. This year, the figure is about £30m. The three-month review will involve the Foreign Office, the Treasury and the efficiency unit of the Cabinet Office.

The review will also look at how satellite and cable technology will affect external radio broadcasting, and at whether the Government should be considering a television version by satellite.

Mr Douglas Munggeridge, managing director of External Services, warned this year that there was an urgent need to look at the international opportunities offered by satellite and cable, if Britain was to remain pre-eminent in world broadcasting.

The External Services, which broadcast 720 hours a week at an average cost of a little more than £1,500 an hour, rank only fifth in the number of hours broadcast by countries with such services—behind the Soviet Union, the U.S., China and West Germany.

GrandMet keeps U.S. cigarette offshoot

BY PAUL TAYLOR IN NEW YORK

GRAND METROPOLITAN, the US-based brewer, dairy, bookmaking and hotels group, yesterday abandoned plans to sell its U.S. cigarette business for \$225m (£245m) to a group of investors which include local management and employees.

The surprise announcement followed months of negotiations between GrandMet USA and the management buy-out group led by Mr Kinsey Van Dey, president and chief executive of Liggert & Myers Tobacco. It

came as the final agreement to sell the tobacco division of the Liggert & Myers group was due to be signed.

In a brief statement, GrandMet USA said that negotiations had been ended because of "developments in the pricing of cigarettes" since an agreement in principle for the sale was announced in late May. GrandMet USA did not elaborate on the statement and corporate officials were unavailable for comment. Cigarette prices

have, however, been rising recently in the U.S.

Grand Metropolitan, which paid \$590m for the Liggert Group in 1980 against competition from Standard Brands, the U.S. food manufacturer, originally revealed details of the talks in January.

Liggert & Myers manufacturers and markets the Chesterfield, Eve, Lark and L & M brands of cigarettes in the U.S. where it has about a 4.5 per cent share.

Continued on Back Page

NatWest to buy 5% of stockbroker

BY DAVID LASCELLES

NATWEST, the UK's second largest bank, yesterday agreed to buy a 5 per cent stake in Fielding, Newson-Smith, the London stockbroking firm. The move is the final step towards an integrated securities business.

NatWest will raise its stake to 100 per cent as soon as Stock Exchange rules permit. The terms of the deal are not being disclosed, but the price is likely to take up only a small part of the £236m rights issue announced by the bank on Thursday to finance expansion in the financial services industry.

NatWest already has a 29.9 per cent holding in Bisgood, Bishop, the stockjobbing firm, which it also intends to increase to full ownership. Its plan is to link the two firms with County Bank, NatWest's merchant bank, to create a Wall Street-style investment bank.

Mr Charles Villiers, the chief

executive of County Bank, which negotiated the deal, said yesterday: "We want an organisation which can act as an issuing house, a broker and a jobber. The logic of getting the three together is very strong."

The deal comes only 24 hours after the Stock Exchange published its "green paper" forecasting an end to the distinction between stockbrokers and jobbers and the introduction of dual capacity.

Fielding, a long-established firm which ranks 17th in the SE league, employs about 200 and is best known for its expertise in brewery, building materials and oil stocks, and in index-linked gilts. NatWest is looking to expand the Fielding stockbroking business at a steady pace.

Mr Villiers said the bank had chosen Fielding because its scope for growth would provide a strong motivation for people

working there. "Golden handcuff" deals are nevertheless understood to have been made, to provide a financial incentive for key people to stay on after NatWest assumes full control.

NatWest is the only clearing bank which has committed itself to buying 100 per cent of both a stockbroker and a jobber.

Midland Bank, through Samuel Montagu, its merchant banking subsidiary, has so far only made a deal with a broker, Greenwell and Co. Barclays has forged links with de Zoete and Bevan, the stockbroker, and Wedd Duriecher, the jobber, but is not committed to buying full control.

Mr James Dundas Hamilton, of Fielding Newson-Smith, said yesterday: "I believe that in the new securities industry we will need a substantial capital base. I can think of no more a substantial capital base than National Westminster Bank."

Lex, Back Page

MARKETS

DOLLAR	
New York lunchtime:	
DM 2.5895	
FFr 8.7775	
SuFr 2.424	
Y245.15	
London:	
DM 2.588 (2.9445)	
FFr 8.7625 (8.725)	
SuFr 2.4175 (2.407)	
Y244.85 (243)	
Trade Weighted 126.9 (136.8)	
Tokyo close Y243.4	
U.S. LUNCHEXTIME RATES	
Fed Funds 10 1/4%	
3-month Treasury Bills:	
10.13%	
Long Bond: 100f	
Yield: 13.17	
GOLD	
New York: Comex July latest	
1/4	
London: \$341.25 (\$350.75)	

STERLING	
New York lunchtime \$1.3245	
London: \$1.324 (1.3265)	
DM 3.7325 (3.7775)	
SuFr 3.3025 (3.1975)	
FFr 11.61 (11.6)	
Y232.75 (232)	
Trade weighted 78.7 (78.6)	
LONDON MONEY	
3-month interbank:	
mid rate 12 1/2% (12 1/2)	
3-month eligible bills:	
buying rate 11 1/2% (11 1/2)	
STOCK INDICES	
FT Ind Ord 776.2 (+11.5)	
FT-A All Share 473.41 (+0.8%)	
FT-SE 100 1,009.5 (+6.8)	
FT-A long gilt yield index:	
High coupon 11.28 (11.35)	
New York lunchtime:	
DJ Ind Av 1,101.15 (-1.77)	
Tokyo:	
Nikkei Dow 9,945.27 (-143.52)	

CONTENTS

Appointments	3	Gold Markets	21	SE Dealings	23	Building Soc. Rates	17
Arts	14	How to Spend It	13	Stock Markets:	22	INTERIM STATEMENT	
Books	12	Int. Co. News	15	London	22	Associated News-	
Bridge	15	Leader Page	16	Well Street	20	paper Holdings	19
Chess	15	Letters	16	Bourses	20	SAVINGS OFFERS	
Collecting	15	Lex	28	Travel	11	Lazard Brothers	7
Commodities	21	London Options	22	TV and Radio	14	Allied Home	8
Company News	18	Men in the News	25	UK News:		Financial Mgmt.	7
Crossword	14	Mining	5	General	3, 4	IBC Trust	8
Economic Diary	19	Money Markets	21	Labour	24, 25	Britishn Group of	8
European Options	22	Motorcars	11	Unit Trusts	24, 25	Unit Trusts	8
Finance and Family	6	Overseas News	2	Your Savings/Inv.	7, 9	Tony Law	9
FT Actuaries	22	Property	10	Weather	28	Save & Prosper	9
Foreign Exchanges	20	Shares	10	What's in the Bin	3	Mill Sengul	28
Gardening	10	Sport	10	Base Rates	3		

Cutting this coupon could be a good bet

Believe it or not, a great many people have made a lot of money out of the last few months' volatile stockmarket and commodity prices, not to mention currency movements.

And many of them have made as much when the markets have been falling as they have when they've been rising.

More surprisingly, all these people have been able to make their profits without any of the expenses or tax problems usually associated with trading in shares or commodities.

They did it by doing business with us.

We're IG Index, a highly specialised bookmaker.

To receive your information pack complete this coupon and send it to us using Freepost or call us on 01-828 7233.

To: W.E. Elsy, IG Index Limited, Freepost, 9/11 Grosvenor Gardens, London SW1W 0BR.
NO STAMP REQUIRED.
Telephone: 01-828 7233/8.
Please send me full details of your services.

Name _____
Address _____
Tel: (daytime) _____

IG INDEX

OVERSEAS NEWS

Nigeria cools row over Dikko kidnap

By Andrew Gowers in Lagos
NIGERIA appears to have made a determined effort to take the heat out of its row with Britain over the Dikko kidnapping affair.

The trial of four men detained after the failed attempt to abduct Alhaji Umaru Dikko, the fugitive Nigerian politician, could inflame tensions. However, the Nigerian media, which waged a vituperative campaign against Britain in the immediate aftermath of the kidnapping fiasco, has in the past few days quietened considerably and begun to focus again on domestic problems.

Observers in Lagos remain puzzled by the peculiar virulence of the anti-British onslaught, which was probably the strongest outburst against the former colonial power since the 1960s.

Many trace it back to a speech given by one of Nigeria's rulers—by coincidence on the day of the kidnapping—in which he attacked Britain to the British High Commissioner's face for various alleged political and economic slights.

Brigadier Tunde Idiagbon, chief of staff at supreme headquarters, and regarded as one of the regime's more radical voices, said: "British support for Nigerian nationality and prosperity has persistently foundered since Nigeria became a republic."

British businessmen, meanwhile, who exported some £200m worth of goods to Nigeria last year, report that they have felt absolutely no fall-out from the diplomatic explosion.

However, there seems no prospect of the two countries being able to post their respective High Commissioners again in the foreseeable future.

There is every sign that the Nigerian people solidly support the kidnap attempt which, had it succeeded, would have brought back for trial one of the most reviled figures of the former civilian administration.

Israeli polls show Labour ahead

BY OUR TEL AVIV CORRESPONDENT

THE OPPOSITION Labour Party has established itself as the favourite for Monday's Israeli general election but opinion polls suggest that forming a coalition government could be just as complicated as in the past.

Two polls published yesterday showed that Labour, whose lead over the Right-wing Likud Government seemed to be slipping, had pulled ahead again. They also reported, however, that small parties will capture between a quarter and a third of the 120 Knesset seats, raising the possibility of protracted coalition negotiations which will further delay long-awaited economic measures.

A poll in the afternoon newspaper Yediot Ahronoth showed Labour winning 49 seats, Likud 37 and the remaining 34 shared by about a dozen factions.

Another survey, a Gallup Poll in the newspaper Hadashot, reported the gap was bigger with Labour commanding 42 per cent support and Likud 28 per cent. The findings suggest there was only a slim chance Labour could put together a government without turning to the bickering religious parties.

Labour leader Shimon Peres would prefer his coalition partners to be the left-wing Shinui and Citizens' Rights movements and Yahad, a centre-right list headed by former Defence Minister Ezer Weizman. It seems unlikely such a grouping could command a working majority.

Likud was hoping the reclusive Mr Menahem Begin might make a dramatic campaign appearance tonight to drum up support. The former Prime Minister has stayed behind the shuttered windows of his small Jerusalem apartment since retiring 10 months ago. However, the chants of "Begin, Begin" at Likud rallies have been evidence of his abiding charisma, especially among Sephardim (Oriental Jews).

Prime Minister Yitzhak Shamir has developed his call for a Labour-Likud grand coalition by acknowledging for the first time that he may be prepared to serve under Mr Peres to save the inflation-inflicted economy—the issue that has dominated the campaign.

In an interview with the Jerusalem Post, Mr Shamir made clear his resentment towards the little political parties who have held the balance of power for years and urged electoral changes.

Mr Peres has so far dismissed grand coalition talk as an election gimmick, saying he would be unable to agree a firm, effective programme with Likud.

According to the opinion polls, support for the small parties has grown as the campaign continued and up to 13 of them could win seats on Monday under Israel's proportional representation system.

The West German Government was, however, insisting last night on greater details of the freight—apparently on the strong suspicion that it might be sophisticated ear-dropping equipment for use against Nato military installations.

The curious trans-European odyssey of the Jorry, accompanied by Soviet diplomatic couriers, has already taken it from Moscow as far as the courtyard of the Soviet UN mission in Geneva.

When it crossed from West Germany into Switzerland at Basle nine days ago, the Swiss authorities demanded to see the contents. But the Russians refused, claiming they were covered by diplomatic immunity.

Eventually the vehicle was allowed to go on to its destination, but under customs seal. After both sides had refused to climb down, the lorry set out from Geneva back to Moscow, unopened and still under seal. It crossed back into West Germany on Wednesday.

Bonn, however, now wants to find out what is inside. The West Germans are demanding not to look into the "crates" themselves, but to see if they correspond to a checklist which they want the Russians to provide. This Soviet officials are refusing to do.

West German and Swiss intelligence have long been suspicious of the dilatory way in which such Soviet lorries cross their countries, and their frequent "coincidental" stops near military bases.

Bolivia seeks new delay on debt payments

BY PETER MONTAGNON, EUROMARKETS CORRESPONDENT

BOLIVIA has told its commercial bank creditors that it will need another three months before it can resume interest payments on its foreign debt that were stopped at the end of March.

A temporary suspension of interest payments was formally announced in early May after a bitter dispute on economic policy between the trade union federation in La Paz and the Government of President Hernan Siles Zuazo.

Bolivia owes commercial banks some \$700m (£538m out of a total debt of \$4.3bn.

Now Bolivia has told its "orexin" bankers that it needs till mid-October to work out an economic programme acceptable to the unions, but the coordinating committee of creditor banks, chaired by Bank of America, has replied that it strongly opposes non-payment of interest during this period.

The committee also told Sr Oscar Bonifaz, Bolivian Finance Minister, during a meeting in Miami last week that it wanted him to set up a commission to monitor the Bolivian economy. The commission would include representatives of the International Monetary Fund, World Bank, Inter-American Development Bank, and the banks themselves.

In a statement from La Paz yesterday, the Bolivian Government replied that such a commission was not necessary. Bolivia has been trying unsuccessfully for several years to negotiate an economic stabilisation programme with the IMF.

Although the committee has said it cannot endorse Bolivia's request for a three-month moratorium on interest payments, most bankers yesterday seemed resigned to receiving no further interest from Bolivia until the next meeting in mid-October.

Some bankers warned that this leaves Bolivia vulnerable to a declaration of default by any single bank creditor during this period.

A first round of talks between Mexico and its commercial bank creditors on a new rescheduling agreement was due to end in New York yesterday. Bankers said the talks had only been preliminary and would probably resume in the week beginning August 6.

They said the Soviet army has also started "Sovietising" ground operations against the guerrillas, using more of their own commando units in place of the increasingly unreliable Afghan army.

"The initiative is clearly in Soviet hands now. The situation looks bad for the Mujahideen (Islamic warriors)" said one Afghan. He asked not to be named while giving such a pessimistic assessment.

"The main goal behind these attacks is to force people to leave their villages so the Mujahideen cannot get food or shelter," said Mohammad Nabi Mohammadi, leader of the country's largest resistance group, Harakat-I-Inqilab Islami.

The tougher tactics emerged this spring, when Soviet forces opened their seventh assault on the Panjsher Valley, north of Kabul, with unprecedented saturation bombing by about three dozen SU-16 "Badger" strategic bombers flown in from the Soviet Union.

More than 100,000 people fled the area and are now becoming a burden for rebel commanders who must provide for them from their own dwindling stocks of food. Panjsher guerrilla leader Ahmad Shah Masood wrote recently to his Jamiat-i-Islami party in Peshawar.

Other large-scale bombing campaigns followed in the western city of Herat, where Jamiat says more than 1,000 people have been killed this year.

The Soviet forces have continued a drive begun early this year to cut off guerrilla supply routes from Pakistan, pushing up the Kunar valley north of the Khyber pass in their largest operation there since 1980, rebel sources said.

About a week ago, a big Soviet column drove guerrillas off Tora Ghara, a flat-topped mountain overlooking one of the most heavily-used rebel supply routes from Pakistan into Afghanistan, they said.

Several rebel sources said the Soviet Union appeared to have added about 30,000 men to the 105,000 troops estimated as its usual strength in Afghanistan. Western diplomats in Islamabad could not confirm this.

The Soviet forces were also going into combat much more aggressively. The Russians were taking over from the Afghan government troops once the government soldiers had spotted rebel positions by advancing and drawing fire from them.

Reuter

Tug of war over Soviet diplomatic baggage

By Rupert Cornwell in Bonn

MOSCOW and Bonn were last night conducting an uncomfortable diplomatic tug of war over a Soviet lorry with nine tons of mysterious freight, which is being held by West German customs at the Helmstedt border crossing into East Germany.

The Soviet Embassy yesterday protested here about the lorry's hold-up. It repeated that the contents were crates of diplomatic baggage, and demanded that the vehicle be allowed to continue its journey back to the Soviet Union unhindered.

The West German Government was, however, insisting last night on greater details of the freight—apparently on the strong suspicion that it might be sophisticated ear-dropping equipment for use against Nato military installations.

The curious trans-European odyssey of the Jorry, accompanied by Soviet diplomatic couriers, has already taken it from Moscow as far as the courtyard of the Soviet UN mission in Geneva.

When it crossed from West Germany into Switzerland at Basle nine days ago, the Swiss authorities demanded to see the contents. But the Russians refused, claiming they were covered by diplomatic immunity.

Eventually the vehicle was allowed to go on to its destination, but under customs seal. After both sides had refused to climb down, the lorry set out from Geneva back to Moscow, unopened and still under seal. It crossed back into West Germany on Wednesday.

Bonn, however, now wants to find out what is inside. The West Germans are demanding not to look into the "crates" themselves, but to see if they correspond to a checklist which they want the Russians to provide. This Soviet officials are refusing to do.

West German and Swiss intelligence have long been suspicious of the dilatory way in which such Soviet lorries cross their countries, and their frequent "coincidental" stops near military bases.

Reuter

French Government plan for referendum on rights put in doubt

BY DAVID HOUSEGO IN PARIS

THE NEW French Government of Prime Minister Laurent Fabius yesterday formally withdrew the Socialist controversial private schools Bill.

At the same time it became increasingly uncertain whether the Government would succeed in getting its proposals for a referendum on civil liberties through the two houses of Parliament.

Unsettled at the composition of M Fabius's administration contributed to a sharp fall in share prices on the Paris Bourse which shed 2.3 percentage points during the day.

M Pierre Berégovoy, the Finance Minister, pledged he would follow the same anti-inflationary policies as M Jacques Delors, his predecessor.

In a reference to the current overshooting of the Government's pledged ceiling on the budget deficit, M Berégovoy said that "nothing is worse than a deficit which lasts, than deficits which grow."

The Prime Minister will outline the Government's policies on Tuesday before seeking a vote of confidence in the National Assembly.

Removing all doubt over the future of the private schools legislation, the Government yesterday withdrew the Bill from the agenda on the extraordinary summer session of the National Assembly.

It was only in May that the Government made the Bill an issue of confidence before the Assembly. Last month over 1m people protested against it in a mass march in Paris.

The uncertainty over President Mitterrand's project for a referendum on civil liberties stems from the hostility towards the proposal in its present form from the Opposition.

The Cabinet approved on Thursday night the text of an amendment to the constitution which has now to be approved by both the Senate and the Assembly before being submitted to a referendum in September.

The text provides for referendums to be held in cases of an encroachment on "fundamental guarantees of civil liberties".

M Alain Poirer, the President of the Senate, which is dominated by the Opposition, has proposed that the amendment also encompass any encroachment on parliamentary liberties—a proposal unacceptable to the Government.

Unless the two houses can agree on the text of an amendment, no referendum can be held. In that case the Opposition would successfully have sabotaged President Mitterrand's project for a new test of public opinion, though the risk of being blamed for putting political tactics first.

Reuter

Moscow mounts its toughest Afghan offensive

BY PETER MONTAGNON, EUROMARKETS CORRESPONDENT

PESHAWAR, PAKISTAN—This year's Soviet offensive against Moslem rebels in Afghanistan is one of Moscow's toughest, with more bombs, more troops, and the clear aim of stopping villagers' support for the guerrillas, according to resistance leaders.

The number of refugees inside Afghanistan has increased dramatically since Soviet aircraft began a campaign of indiscriminate bombing this spring in rebel-held regions around the main cities of Kabul, Kandahar and Herat, Pakistan-based guerrilla leaders said.

Frequent crop-burning and more efficient sealing of rebel supply routes from Pakistan have created serious shortages of food and ammunition for the guerrillas in many areas, the resistance leaders said.

They said the Soviet army has also started "Sovietising" ground operations against the guerrillas, using more of their own commando units in place of the increasingly unreliable Afghan army.

"The initiative is clearly in Soviet hands now. The situation looks bad for the Mujahideen (Islamic warriors)" said one Afghan. He asked not to be named while giving such a pessimistic assessment.

"The main goal behind these attacks is to force people to leave their villages so the Mujahideen cannot get food or shelter," said Mohammad Nabi Mohammadi, leader of the country's largest resistance group, Harakat-I-Inqilab Islami.

The tougher tactics emerged this spring, when Soviet forces opened their seventh assault on the Panjsher Valley, north of Kabul, with unprecedented saturation bombing by about three dozen SU-16 "Badger" strategic bombers flown in from the Soviet Union.

More than 100,000 people fled the area and are now becoming a burden for rebel commanders who must provide for them from their own dwindling stocks of food. Panjsher guerrilla leader Ahmad Shah Masood wrote recently to his Jamiat-i-Islami party in Peshawar.

Other large-scale bombing campaigns followed in the western city of Herat, where Jamiat says more than 1,000 people have been killed this year.

The Soviet forces have continued a drive begun early this year to cut off guerrilla supply routes from Pakistan, pushing up the Kunar valley north of the Khyber pass in their largest operation there since 1980, rebel sources said.

About a week ago, a big Soviet column drove guerrillas off Tora Ghara, a flat-topped mountain overlooking one of the most heavily-used rebel supply routes from Pakistan into Afghanistan, they said.

Several rebel sources said the Soviet Union appeared to have added about 30,000 men to the 105,000 troops estimated as its usual strength in Afghanistan. Western diplomats in Islamabad could not confirm this.

The Soviet forces were also going into combat much more aggressively. The Russians were taking over from the Afghan government troops once the government soldiers had spotted rebel positions by advancing and drawing fire from them.

Reuter

Age of sail returns—Japan style

IT WAS a grim time for nautical nostalgia buffs this week as the age of sail returned to the high seas, writes Robert Cottrell in Tokyo.

Aqua City, a 31,000-ton twin-masted freighter, gusted out of the Japanese port of Yokohama on its two-week maiden voyage to Vancouver.

It would be picturesque to report that its white sails billowed in the breeze as the vessel ran before the wind. However, Aqua City's twin sails are of rigid vinyl chloride and polyester canvas stretched taut on steel frames. Their angle to the wind is controlled, not by physical exertions but by computer.

Its sails serve as auxiliary motive power to the ship's conventional diesel engines. The shipbuilder, Nippon Kokan, says the auxiliary sails should provide useful energy savings. Nippon Kokan estimates that, with the ship maintaining an average speed of 14 knots, the sails could save 7 per cent of engine power in a wind of ten metres per second, and perhaps 30 per cent in a wind of 20 metres per second.

The auxiliary sail system was developed jointly by Nippon Kokan and the Japan Maritime Machinery Development Association.

Japan set to pass communications Bills

BY ROBERT COTTRELL IN TOKYO

JAPAN'S House of Representatives yesterday approved three Bills providing for "privatisation" of Nippon Telegraph and Telephone Public Corporation (NTT), and curtailment of its monopoly powers.

The target date for enactment of the legislation, which is expected to transform the structure of Japan's domestic telecommunications industry, is April 1 1985.

The NTT Bills will now go to the Upper House of Japan's bicameral Diet (parliament), though it is uncertain whether the Upper House will have time to consider them before the adjournment of the current Diet session on August 8.

Inter-party wrangling over and-strike provisions in the NTT legislation was resolved on Thursday by the Diet's communications committee, which decided that restrictions on strike action should be "reviewed" in three years' time.

The Japanese Government is expected to sell up to two-thirds of NTT's equity to private shareholders in the five years after enabling legislation is passed.

In its last published accounts, for the year to March 31 1983, NTT showed equity capital equipment to \$19.3bn (£14.6bn), and reported net profits equivalent to \$1.5bn.

Four groups have declared their interest in providing nationwide common-carrier communications services in Japan following curtailment of NTT's monopoly powers.

They are: "Daini Den-Den," a consortium of large companies led by Kyocera, the electronics manufacturer; Kledan, Japan's leading business and industry federation; the Japan Highways public corporation; and Japan National Railways.

The last two companies, both of which are government-owned, want to exploit their existing road and rail networks as routings for optical fibre cables.



Aqua City, a 31,000-ton twin-masted freighter, gusted out of the Japanese port of Yokohama on its two-week maiden voyage to Vancouver.

Aid plan for U.S. steel under attack

By Stewart Fleming in Washington

BETHLEHEM STEEL and the United Steelworkers union (USW), which have been pressing jointly for comprehensive controls on carbon steel imports, have attacked the International Trade Commission's (ITC) proposals for "protecting the U.S. steel industry."

ITC decided to recommend that President Reagan impose a mixture of quotas and tariffs on steel imports from around the world.

They added: "The ITC's recommendations do absolutely nothing to help major segments of the steel industry and could lead to further devastation in dozens of steel communities."

The statement seems calculated to keep the political pressure on the Reagan Administration, which will have to make the final decision on whether to implement the ITC's recommendations. The steel industry is concerned that when the decision is made the ITC's proposals, which they say are inadequate, will be watered down further because of the international pressure being brought to bear.

In a bid to curb imports of radial tyres from South Korea, the major U.S. tyre manufacturer companies, including Goodyear and Firestone, filed a complaint with the Commerce Department alleging that the South Korean manufacturers, Samyang Tire Manufacturing and Hankook Tire Manufacturing, have been exporting to the U.S. at prices below those on the South Korean home market.

Air-quality experts have called "first-stage alerts" — in which children and old people are warned to stay indoors — every day of the month to date.

Olympic organisers are, however, adamant that they will not let the smog interfere with the games. "We're not going to cancel or postpone anything," Mr Peter Ueberroth, president of the Los Angeles Olympic Organising Committee, said.

Smog — a blanket of filthy air — has been lying over the city since the beginning of the month. With the opening of the Olympic Games just days away — it opens on July 28 — there are growing fears that

Los Angeles' worst smog wave in a decade could have a serious effect on participants and spectators.

Although crime historically goes down during the Olympics, nobody can really predict what will happen here. If we have an emergency, we will be ready to deal with it."

In another crucial effort to prepare for the Olympic Games, officials in Los Angeles have called on local industries to cut their emissions of waste during the games.

The U.S. State Department has said, however, that it believes the Soviet Union is responsible for the letters as part of its propaganda campaign against the L.A. Olympics.

In case of mass disturbances during the Olympics, the Los Angeles District Attorney has appointed special teams of prosecutors. Some 635 prosecutors will be on call during the games, Robert Philbin, the L.A. District Attorney said last week.

Security efforts have been stepped up in response to threatening letters sent to several Olympic teams purportedly by the Ku Klux Klan.

The U.S. State Department has said, however, that it believes the Soviet Union is responsible for the letters as part of its propaganda campaign against the L.A. Olympics.

In case of mass disturbances during the Olympics, the Los Angeles District Attorney has appointed special teams of prosecutors. Some 635 prosecutors will be on call during the games, Robert Philbin, the L.A. District Attorney said last week.

Security efforts have been stepped up in response to threatening letters sent to several Olympic teams purportedly by the Ku Klux Klan.

Business Opportunities in Clydebank

NO TOWN IS MORE ENTERPRISING

"Clydebank Enterprise Zone — a bright spot and important lever in Glasgow's industrial recovery" — Financial Times

Development Policy

- A four year Scottish Development Agency coordinated programme of physical and economic development has already created a successful business environment.
- The Clydebank Task Force is now inviting the private sector to share in the substantial business and development opportunities still available.
- The Task Force has identified and evaluated specific projects in the industrial and commercial sectors for which it is seeking joint venture partners.
- Including Enterprise Zone status, Clydebank offers perhaps the most comprehensive and flexible public sector financial support package in Britain.

A Tax Efficient Investment Location

Clydebank Enterprise Zone is unaffected by the changes announced in the 1984 Budget. Thus, 100% first year relief against Corporation Tax still applies to all commercial and industrial building work. Together with continuing rates relief, this underlines even further the value of investing in Clydebank.

Results for the Period to May 1984

New industrial/commercial floorspace completed	920,000ft ²
Industrial/commercial floorspace taken up	950,000ft ²
Companies established	229
New job places created	2,577
Public Sector Capital Investment to date	£19.5m
Committed private investment in property alone	£17.85m

Copies of the Clydebank Development Prospectus may be obtained from Clydebank Task Force, Clyde House, 170 Kibbowie Road, Clydebank G81 2UA. Tel. 041-952 0084.

CYDEBANK UNLIMITED

Olympic security leaves nothing to chance

HEAVILY-ARMED SWAT (Special Weapons and Tactics) teams are stationed at the airport.

Police patrols at the University of Southern California and University of California Los Angeles campuses have been stepped up as Los Angeles authorities put into action plans to make the 1984 Olympic Games the most secure ever.

Under intense international pressure to ensure the safety of athletes and visitors, the Southern California city authorities are trying to leave nothing to chance.

Since the arrival last week of the 60-member Israeli team along with participants from China, South Korea and several other countries, the two university campuses that have been transformed into "Olympic villages" have been heavily

organisers are adamant that as far as they can help, crime and smog will not interfere with the L.A. Games, Louise Kehoe writes.

guarded and closed to the public.

Security efforts have been stepped up in response to threatening letters sent to several Olympic teams purportedly by the Ku Klux Klan.

The U.S. State Department has said, however, that it believes the Soviet Union is responsible for the letters as part of its propaganda campaign against the L.A. Olympics.

In case of mass disturbances during the Olympics, the Los Angeles District Attorney has appointed special teams of prosecutors. Some 635 prosecutors will be on call during the games, Robert Philbin, the L.A. District Attorney said last week.

Although crime historically goes down during the Olympics, nobody can really predict what will happen here. If we have an emergency, we will be ready to deal with it."

In another crucial effort to prepare for the Olympic Games, officials in Los Angeles have called on local industries to cut their emissions of waste during the games.

Smog — a blanket of filthy air — has been lying over the city since the beginning of the month. With the opening of the Olympic Games just days away — it opens on July 28 — there are growing fears that

Los Angeles' worst smog wave in a decade could have a serious effect on participants and spectators.

Air-quality experts have called "first-stage alerts" — in which children and old people are warned to stay indoors — every day of the month to date.

Olympic organisers are, however, adamant that they will not let the smog interfere with the games. "We're not going to cancel or postpone anything," Mr Peter Ueberroth, president of the Los Angeles Olympic Organising Committee, said.

Smog — a blanket of filthy air — has been lying over the city since the beginning of the month. With the opening of the Olympic Games just days away — it opens on July 28 — there are growing fears that

Los Angeles' worst smog wave in a decade could have a serious effect on participants and spectators.

Air-quality experts have called "first-stage alerts" — in which children and old people are warned to stay indoors — every day of the month to date.

Olympic organisers are, however, adamant that they will not let the smog interfere with the games. "We're not going to cancel or postpone anything," Mr Peter Ueberroth, president of the Los Angeles Olympic Organising Committee, said.

Smog — a blanket of filthy air — has been lying over the city since the beginning of the month. With the opening of the Olympic Games just days away — it opens on July 28 — there are growing fears that

FINANCIAL TIMES, USPS No. 19040, published daily, except Sundays and public holidays. U.S. subscription price \$42.00 per annum. Second class postage paid at New York, NY and at additional mailing offices. POSTMASTER: most useful to make change to FINANCIAL TIMES, 34 East 57th Street, New York, NY 10022.

Oil companies may seek price review with BNOC

By IAN HARGREAVES AND DOMINIC LAWSON

MAJOR OIL companies have told the British National Oil Corporation that they expect to reopen talks about official third quarter prices for North Sea crude oils if spot prices do not improve in a few weeks.

This demand has apparently featured in a number of messages to BNOC, in which the oil companies that buy their crude at the official price from the corporation have accepted with considerable reluctance the unchanged \$30 a barrel price for the Brent Field's market crude.

By last night, BNOC had received acceptance from all its customers, but had agreed to the re-opener clause.

It is normal for BNOC price contracts to contain such a clause, which covers unforeseen changes in spot prices. But on this occasion, several companies have made it clear that they will re-open negotiations if the Brent spot price is not considerably higher than the present \$28 a barrel before the end of August.

The spot market yesterday was fractionally weaker for all grades of crude. "We shall attempt to buy Brent at \$27.75 on Monday and would expect to get \$27.90," said one trader.

He pointed out that the main U.S. marker crude, West Texas Intermediate, fell yesterday by 27 cents a barrel to \$28.42. This decline is expected to be reflected in European markets when they open on Monday.

At \$28 a barrel, Brent is already trading at its lowest level since Opec cut its official prices in March 1983. It is expected to fall below \$28, it would have breached a critical psychological barrier.

Everybody is extremely nervous, said one trader last night. BNOC, however, will be relieved that no major customer except Texaco has reduced its purchase volume of North Sea crude at term prices. Texaco's decision to reduce its 60,000 barrels a day term price

contract by 20,000 b/d will force BNOC to sell even more crude on a depressed spot market.

The Treasury revenue effect of the slide in oil prices, however, has been mitigated by the drop in sterling's value against the U.S. currency. In sterling terms, the value of Brent crude on the spot market has changed little in the past six weeks, even though the Brent oil dollar price has fallen from almost \$30 a barrel to \$28. In sterling terms, Brent yesterday was trading at £21 a barrel.

Other grades of crude also fell in price yesterday in nervous markets. Arab light was traded at \$27.25, down 10 cents a barrel and Nigerian Bonny light was down by 20 cents at \$28.40 a barrel.

Nigeria won acceptance last week for more Opec ministerial meetings in Vienna for higher official output. At the time, traders said that Nigeria would have to cut prices in order to sell the extra production.

No response in first year to inner city scheme

By Michael Cassell, Property Correspondent

THE GOVERNMENT-backed body set up by City institutions in 1983 to promote institutional investment in inner-city development schemes failed to generate any projects during the first year.

More than 50 institutions handed together to create the body - Inner City Enterprises - to succeed the Financial Institutions Group established by Mr Michael Heseltine, when he was Environment Secretary, following the 1981 inner-city riots.

They subscribed £1m between them to fund its operating costs for a three-year experimental period, which it is meant to be selected for development projects and offering them to potential investors.

ICE says in its first annual report, covering the eight months until March 1984 that more than 100 projects seeking institutional investors, although no funding agreements were reached by the year-end.

An official of the body said yesterday that no funding arrangements had subsequently been concluded but that investors had been found for several urban development projects. About 16m people in England and Wales have already been banned from using hoses.

Bans have been introduced this week in areas served by the River Dee, particularly around Merseyside, and in the West Midlands in an attempt to conserve the Elan Valley supplies.

The Water Authorities, representing 10 authorities of England and Wales claim the shortage is worse than that of 1976 in east Wales and Cornwall.

The south-western authority's board will meet on Wednesday to consider whether rationing is required in Devon and Cornwall.

Margaret Hughes on the collapse of the building societies' cartel Mortgage rivals bolt for freedom

THE GOVERNMENT'S Green Paper on building societies due to be published on Monday may be a case of closing the stable door after at least one of the horses has bolted.

Earlier this month Mr Nigel Lawson, the Chancellor, indicated that societies would be granted most of the extended powers they had been seeking.

But he drew attention to the societies' interest rate agreements. The cartel was "increasingly incompatible" with the Government's competition policy, and the Green Paper would propose ending its exemption from the Restrictive Trade Practices Act, he said.

But the way in which building societies have responded this week to the latest interest rate rise would suggest that this horse is well out of the stable.

The council of the Building Societies Association representing 32 societies agreed last week to a mortgage rate of 12.5 per cent. Yet five of the 10 largest societies have set rates this week which are both higher than BSA advice and different from each other.

The Leeds Permanent decided on Monday.

The interest rate cartel, which had been crumbling for some time, seems to have been finally broken. The Chancellor's speech was seen by the big societies as the green light for the new era of free competition they had been waiting for.

The societies appear to be more prepared to be independent than the banks with whom they want to compete. There is now a greater variation in mortgage rates between societies than there has been

among banks since their cartel broke up in the early 1970s.

This is not the first time that building societies have broken ranks. But with the exception of one short-sovereign many years ago by the Halifax, they have not really done so on mortgages.

But there has been increasing variation in between how much societies charge for larger mortgages. Abbey National operated a differential structure, while the Halifax and Leeds re-introduced them last autumn. This left only the Nationwide and Woolwich among the "big five" who charged the BSA advised rate on mortgages over £25,000.

Abbey then lowered its threshold, so it was charging more than the others for mortgages between £15,000 and £25,000. At around the same time the Nationwide added a premium of 1/2 per cent to the BSA rate for all mort-

gages up to £40,000 and a premium of 1/4 percentage points thereafter. It has adopted a similar structure with its new rate, but the premiums are 1/2 per cent and 1/4 per cent respectively.

The Woolwich decided to charge a 1/2 percentage point premium above the BSA rate on all mortgages. The Leicester has noted for the same basic rate as the Halifax.

The Anliff and Alliance have adhered to the BSA rate.

Home-buyers are therefore faced with a variety of rates. They will have to shop around much more and making the choice will not be easy.

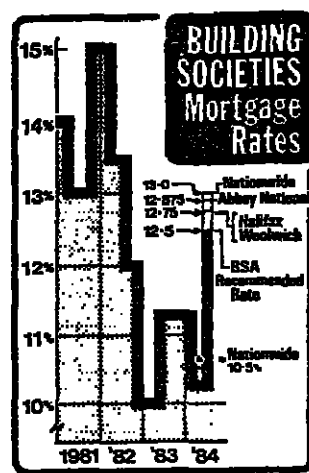
Meanwhile, existing borrowers with, say, the Abbey National, may resent paying higher rates than those offered by other societies, and want to switch.

The same is likely on the investment front. In switching mortgages higher than BSA advice, societies are building in margins which would allow them to pay a higher return on investment.

They have kept to the BSA rate on ordinary share accounts, and have maintained premiums on higher-interest accounts - which provide most of their income. They are likely to check the inflow of funds in coming weeks before altering them.

Abbey National, though, may take the lead again and announce an improved return on one of its accounts in the next few days. Its rates are likely to be quickly matched if not improved by its rivals.

Abbey, however, has a somewhat different product range from the others. Its rivals



operate seven-day, 25-day and 90-day accounts: Abbey has only seven-day and 90-day accounts, but it offers a cheque book account which pays a 1/2 of a percentage point premium above the ordinary share rate.

Given that this is aimed at competition from money market funds it may be this product which is improved, which would not necessarily prompt the others to follow.

Abbey has long been first to break ranks with other building societies rate. It was the only society which did not abandon differentials, and in April this year again moved away by lowering its threshold.

It was also Abbey which became most frustrated by the leap-frogging of investment rates by smaller societies and which led it to announce its break from the BSA cartel last September.

What it means to the consumer. Page 7

Milk output falls below EEC quotas

By Richard Mooney

MILK PRODUCTION in Britain is below the level necessary to comply with production cuts ordered by the EEC from April.

In an effort to bring Community surpluses under control and cut disposal costs, EEC farm ministers agreed in March on a quota system under which British production had to be cut by 61 per cent from the 1983 level. Excess production is subject to a punitive levy.

Figures published by the Milk Marketing Board yesterday, however, show that production in England and Wales in June was just over 9 per cent down from the same month in 1983.

Total production in the three months since quotas were introduced was down 61 per cent.

Producers have deliberately reduced production to avoid the levy either by slaughtering a proportion of their herds or by cutting feeding of concentrated rations. Their efforts have received unwelcome help from the dry weather which has hit pastures.

A milk board official estimated that normal weather in June production would have been down by about the required amount of 61 per cent.

May and June are, traditionally the months of highest production as farmers maximise cheap output from grass, he said. The main cut in production was expected to come in the autumn and winter.

The weather-induced drop in output lead to difficulties for farmers. "Those who have culled their herds to remain within their quota may have difficulty in filling production allocations," the MMB official said.

Water rationing prospect for Wales and South-west

By David Hellier

IN A MOVE to increase water supplies, engineers started yesterday to pump 1m gallons of water a day from a disused coal mine in south Wales, one of the areas worst affected by lack of rain.

However, demand for water in south-west Wales alone is 100m gallons a day, the Welsh Water Authority said.

Rainfall for March to June was the least since records began in 1893 at Treherbert in the Rhondda.

There being small prospect of heavy rainfall in the next few days, water rationing may well afflict many homes in south-west Wales within three weeks. About 1.25m people living at the heads of the valleys and in the Rhondda would be affected first.

Rationing would take the form of 12- or 17-hour cuts,

mainly at night. The authorities has also applied for powers to provide water by standpipe in the streets and further to prohibit or limit its use.

About 16m people in England and Wales have already been banned from using hoses.

Bans have been introduced this week in areas served by the River Dee, particularly around Merseyside, and in the West Midlands in an attempt to conserve the Elan Valley supplies.

The Water Authorities, representing 10 authorities of England and Wales claim the shortage is worse than that of 1976 in east Wales and Cornwall.

The south-western authority's board will meet on Wednesday to consider whether rationing is required in Devon and Cornwall.

MPs' mileage allowances favour users of big cars

By Kevin Brown

THE House of Commons yesterday backed a new car mileage scheme for MPs, despite complaints that it would lead to a rash of big cars in the members' car parks.

The system introduces a sliding scale for claims up to 20,000 miles a year. MPs with 1,300 cc cars will receive 15p a mile, those with cars up to 2,300 cc will receive 25.5p and those with even bigger cars will get 36p.

An MP driving a 2,300 cc car 20,000 miles a year on parlia-

mentary and constituency business will receive £7,800 tax-free. Any MP claiming for more than 25,000 miles a year will be asked to give details of journeys.

The system succeeds a 25.5p-a-mile flat-rate allowance introduced in April last year.

The new system was challenged by Mr Peter Brimble, the Tory MP for Leicester East, who said: "There must be concern that these higher scales encourage MPs to purchase more powerful cars."

mentary and constituency business will receive £7,800 tax-free. Any MP claiming for more than 25,000 miles a year will be asked to give details of journeys.

The system succeeds a 25.5p-a-mile flat-rate allowance introduced in April last year.

The new system was challenged by Mr Peter Brimble, the Tory MP for Leicester East, who said: "There must be concern that these higher scales encourage MPs to purchase more powerful cars."

Water rationing prospect for Wales and South-west

By David Hellier

IN A MOVE to increase water supplies, engineers started yesterday to pump 1m gallons of water a day from a disused coal mine in south Wales, one of the areas worst affected by lack of rain.

However, demand for water in south-west Wales alone is 100m gallons a day, the Welsh Water Authority said.

Rainfall for March to June was the least since records began in 1893 at Treherbert in the Rhondda.

There being small prospect of heavy rainfall in the next few days, water rationing may well afflict many homes in south-west Wales within three weeks. About 1.25m people living at the heads of the valleys and in the Rhondda would be affected first.

Rationing would take the form of 12- or 17-hour cuts,

MPs' mileage allowances favour users of big cars

By Kevin Brown

THE House of Commons yesterday backed a new car mileage scheme for MPs, despite complaints that it would lead to a rash of big cars in the members' car parks.

The system introduces a sliding scale for claims up to 20,000 miles a year. MPs with 1,300 cc cars will receive 15p a mile, those with cars up to 2,300 cc will receive 25.5p and those with even bigger cars will get 36p.

An MP driving a 2,300 cc car 20,000 miles a year on parlia-

Sites begun for Nissan suppliers

By Kenneth Gooding, Motor Industry Correspondent

LOCAL authority officials in the north-east of England revealed yesterday that they are so convinced that Nissan will go ahead with the £300m second stage of its UK car project that they are already preparing substantial sites for component suppliers whom the Japanese group is expected to attract to the area.

Tynne and Wear County Council, for example, has put together two sites of more than 100 acres each—one at Boldon, two miles away from the Nissan site at the former Sunderland airport and another eight miles away near the Tyne Tunnel.

Nissan officials also point out privately that the project would make no financial sense unless it were to move from the £50m first stage, where 24,000 cars a year would be assembled from Japanese kits, to the second, the manufacture of 100,000 cars a year.

The appointment of Mr Toshiaki Tsuchiya, at 55 the youngest production man on the Nissan board, to head the UK scheme suggests the company expects the project to be long-term.

However, Mr Tsuchiya yesterday struck firmly to his company's official line and said that a decision about the second phase would be taken in 1987.

This is as far as Mr Katsutoshi Kawamura, who has been Nissan chairman, who has been outspokenly opposed to the UK project since it was first mooted, is prepared to go. It is unlikely that any Nissan executive would contradict him in public.

Mr Tsuchiya was speaking after the UK project passed another symbolic stage. With officials from local authorities, he started the £1.5m clearance of the 305-acre site.

The John Mowlem company has the reclamation contract, financed by a 100 per cent grant from the Department of the

National Savings suspends issue

By Clive Wolman, Savings Correspondent

THE 27th issue of National Savings certificates, which was undermined by rising interest rates within a month of its launch in April is to be suspended.

The Department for National Savings announced yesterday increases of up to 2.75 per cent in the interest rates paid on its certificates, investment accounts, income and deposit bonds and its new yearly account. The rises will take effect during the next six weeks.

The 27th issue—which offers a tax-free interest rate of 7.25

Engineering sales fall 1.5%

By Ian Rodger

TOTAL SALES by engineering industries fell 1.5 per cent in the three months to April compared with the previous three months, and new orders were down 0.5 per cent.

In the mechanical engineering sectors, new orders were up 3 per cent, but in the instrument and electrical engineering sectors they fell 3 per cent, according to Trade and Industry Department figures.

Home markets in instrument and electrical engineering products were particularly weak

Rolls-Royce plans Bentley revival

By John Griffiths

ROLLS-ROYCE MOTORS has launched a campaign to revive the popularity of its Bentley marque. It unveiled two models yesterday. One of them, at £49,497, costs nearly £8,000 less than any existing car produced by the company.

Bentleys outsold Rolls-Royce by nine to one in the immediate post-war period, but slipped to 4 per cent of output by early 1982.

Bentley sales were boosted by the introduction the year of a turbocharged model and Bentley's share of total Rolls-Royce sales has since risen to

Sites begun for Nissan suppliers

By Kenneth Gooding, Motor Industry Correspondent

LOCAL authority officials in the north-east of England revealed yesterday that they are so convinced that Nissan will go ahead with the £300m second stage of its UK car project that they are already preparing substantial sites for component suppliers whom the Japanese group is expected to attract to the area.

Tynne and Wear County Council, for example, has put together two sites of more than 100 acres each—one at Boldon, two miles away from the Nissan site at the former Sunderland airport and another eight miles away near the Tyne Tunnel.

Nissan officials also point out privately that the project would make no financial sense unless it were to move from the £50m first stage, where 24,000 cars a year would be assembled from Japanese kits, to the second, the manufacture of 100,000 cars a year.

The appointment of Mr Toshiaki Tsuchiya, at 55 the youngest production man on the Nissan board, to head the UK scheme suggests the company expects the project to be long-term.

However, Mr Tsuchiya yesterday struck firmly to his company's official line and said that a decision about the second phase would be taken in 1987.

This is as far as Mr Katsutoshi Kawamura, who has been Nissan chairman, who has been outspokenly opposed to the UK project since it was first mooted, is prepared to go. It is unlikely that any Nissan executive would contradict him in public.

Mr Tsuchiya was speaking after the UK project passed another symbolic stage. With officials from local authorities, he started the £1.5m clearance of the 305-acre site.

The John Mowlem company has the reclamation contract, financed by a 100 per cent grant from the Department of the

Rolls-Royce plans Bentley revival

By John Griffiths

ROLLS-ROYCE MOTORS has launched a campaign to revive the popularity of its Bentley marque. It unveiled two models yesterday. One of them, at £49,497, costs nearly £8,000 less than any existing car produced by the company.

Bentleys outsold Rolls-Royce by nine to one in the immediate post-war period, but slipped to 4 per cent of output by early 1982.

Bentley sales were boosted by the introduction the year of a turbocharged model and Bentley's share of total Rolls-Royce sales has since risen to

Rolls-Royce plans Bentley revival

By John Griffiths

ROLLS-ROYCE MOTORS has launched a campaign to revive the popularity of its Bentley marque. It unveiled two models yesterday. One of them, at £49,497, costs nearly £8,000 less than any existing car produced by the company.

Bentleys outsold Rolls-Royce by nine to one in the immediate post-war period, but slipped to 4 per cent of output by early 1982.

Bentley sales were boosted by the introduction the year of a turbocharged model and Bentley's share of total Rolls-Royce sales has since risen to

Money Market Cheque Account from Bank of Scotland

Do you want?

- High Rates of Interest • No notice of withdrawal • A cheque book to give you easy access • A Bank of Scotland Visa Card for smaller purchases
- The security of a major UK Clearing Bank

And also

- Available throughout the UK • No need to have another account with us
- No need to have a branch of Bank of Scotland near you.

What are the details?

Minimum opening balance £2,500
Minimum transaction £250

INTEREST RATE

11.15% = 11.74%

APPLIED RATE EFFECTIVE ANNUAL RATE

Interest rate quoted correct at time of going to press.

First 9 cheques per quarter are free of charge. Rate of Interest published daily in the Financial Times and Prestel.

Simply complete the coupon below and enclose your cheque. An acknowledgement of your deposit will be sent by return and your cheque book will follow a few days later.

To: Bank of Scotland, Freeport, 38 Threadneedle Street, LONDON EC2B 2BB

I/we wish to open a Money Market Cheque Account. I am/we are aged 18 or over. (Please complete in BLOCK CAPITALS)

☐ Please send me a Visa Card application.

FULL NAME(S) _____

ADDRESS _____

POST CODE _____

DATE _____

For joint accounts, all parties must sign the application, but only one signature will be required on cheques.

I/we enclose my/our cheque for £ _____ (minimum £2,500) payable to Bank of Scotland.

Should the cheque not be drawn on your own bank account, please give details of your bankers.

MY/OUR BANKERS ARE _____ BANK.

BRANCH _____

ACCOUNT NUMBER _____

For further information tick box ☐ or ask operator for Freephone 8494.

BANK OF SCOTLAND
A FRIEND FOR LIFE

BASE LENDING RATES	
A.B.N. Bank	12 1/2%
Allied Irish Bank	12 1/2%
Amro Bank	12 1/2%
Henry Ansbacher	12 1/2%
Arzoo Trust Limited	12 1/2%
Associates Cap. Corp.	12 1/2%
Banco de Bilbao	12 1/2%
Bank Hapoalim BM	12 1/2%
BCCI	12 1/2%
Bank of Ireland	12 1/2%
Bank of Cyprus	12 1/2%
Bank of India	12 1/2%
Bank of Scotland	12 1/2%
Banque Beige Ltd.	12 1/2%
Barclays Bank	12 1/2%
Beneficial Trust Ltd.	12 1/2%
Brit. Bank of Mid. East	12 1/2%
Bank of Montreal	12 1/2%
Cl. Bank Nederland	12 1/2%
Canada Permut Trust	12 1/2%
Cayzer Ltd.	12 1/2%
Cedar Holdings	12 1/2%
Charterhouse Japan.	12 1/2%
Choulatons	12 1/2%
Citibank NA	12 1/2%
Citibank Savings	12 1/2%
Clydesdale Bank	12 1/2%
C. E. Coates & Co. Ltd.	12 1/2%
Comm. Bk. N. East	12 1/2%
Consolidated Credits	12 1/2%
Co-operative Bank	12 1/2%
The Cyprus Popular Bk.	12 1/2%
Dunbar & Co. Ltd.	12 1/2%
Duncan Lawrie	12 1/2%
E. T. Trust	12 1/2%
Exeter Trust Ltd.	12 1/2%
First Nat. Fin. Corp.	12 1/2%
First Nat. Fin. Corp.	12 1/2%
Robert Fleming & Co.	12 1/2%
Robert Fraser	12 1/2%
Grindlays Bank	12 1/2%
Guinness Mahon	12 1/2%
Hambros Bank	12 1/2%
Heritable & Gen. Trust	12 1/2%
Hill Samuel	12 1/2%
C. Hoare & Co.	12 1/2%
Hongkong & Shanghai	12 1/2%
Kingsnorth Trust Ltd.	12 1/2%
Knawley & Co. Ltd.	12 1/2%
Lloyds Bank	12 1/2%
Mallinhal Limited	12 1/2%
Edward Manson & Co.	12 1/2%
Meghraj and Sons Ltd.	12 1/2%
Midland Bank	12 1/2%
Morgan Grenfell	12 1/2%
National Bk. of Kuwait	12 1/2%
National Girobank	12 1/2%
National Westminster	12 1/2%
Norwich Gen. Tst.	12 1/2%
People's Tst. & Sv. Ltd.	12 1/2%
R. Rappall & Sons	12 1/2%
R. S. Refson & Co.	12 1/2%
Roburys Guaranties	12 1/2%
Royal Trust Co. Canada	12 1/2%
Standard Chartered	12 1/2%
Trade Dev. Bank	12 1/2%
TCB	12 1/2%
Trustee Savings Bank	12 1/2%
United Bank of Kuwait	12 1/2%
United Mizrahi Bank	12 1/2%
Volkas Limited	12 1/2%
Westpac Banking Corp.	12 1/2%
Whiteway Ltd.	12 1/2%
Williams & Glyn's	12 1/2%
Wintrest Secs. Ltd.	12 1/2%
Yorkshire Bank	12 1/2%
Member of the Accepting Houses Committee.	
7-day deposits 8 1/2%	1-month
3.50%, Fixed rate 12 months 12.50%	10-75% FIVE 12 months 11%
7 day deposits on sums of under £10,000 8 1/2%, £10,000 up to £50,000 9 1/2%	Call deposits £1,000 and over 8 1/2%
21-day deposits over £1,000 9 1/2%	Demog deposits 8 1/2%
Mortgage base rate.	

UK NEWS

Tax avoidance schemes threatened

BY CLIVE WOLMAN

Schemes to allow the elderly to pass on wealth without paying capital transfer tax have been threatened, apparently because of a House of Lords ruling on tax avoidance.

In recent months, the capital taxes offices of the Inland Revenue have declined to approve launches of perhaps the most popular version of CTT avoidance.

In the last three years, schemes have attracted an estimated £1bn, which has been invested in single-premium bonds of life assurance companies.

The schemes being denied approval are designed to allow assets worth more than £50,000, ten-yearly exemption from CTT to be given away without paying tax. Income from the assets can continue under the schemes and the ultimate bene-

diary can be changed. The schemes depend on a combination of two artificial life assurance policies, neither of which can be justified actuarially. One policy, of term assurance, which is designed to be of negligible value pays a sizeable sum only if the holder lives beyond the age of 105. Life companies sought to impose a higher age but the actuarial tables did not go beyond this.

Four companies are able to market these "discounted gift schemes". The most successful, by Legal & General, has attracted more than £100m. At least two other companies, Royal Life and Save & Prosper, have submitted plans to the Inland Revenue to launch virtually identical schemes in the last 18 months and have so far

been denied approval. Royal Life has been waiting since January last year and Save & Prosper since a month after that.

Mr John Percival, of Save & Prosper said: "We have been given no explanation for the delay. There is no difference between our scheme and earlier ones."

Mr Percival, like several tax accountants and lawyers, believes that the reason is connected with a landmark case, *Furness v Dawson*, which passed through the courts in 1983 and was resolved by the House of Lords in February.

The Law Lords ruled that any step inserted into a composite transaction purely for the purposes of avoiding tax could be disregarded by the courts.

That case involved the attempted avoidance of capital gains tax. There has been no ruling on how the principle would apply to capital transfer tax.

If the Inland Revenue continues to challenge the discounted gift avoidance schemes, however, other types of CTT avoidance scheme, which usually involve making interest-free loans, could be threatened. People who have put money into the schemes could find them costly to undo, not least because of the high commission charges paid.

Both the Inland Revenue headquarters in Somerset House and the capital taxes offices declined to comment beyond saying that the implications of the *Furness v Dawson* case are being reviewed.

LABOUR

EETPU wins sole rights at Hitachi TV plant

By Robin Reeves, Welsh Correspondent

THE ELECTRICIANS' union EETPU and Hitachi have agreed a radical industrial relations package at the Japanese group's television plant at Hirwaun, South Wales.

Its key features include permanent employee consultation machinery, arbitration as a final method of resolving disputes and the negotiating rights for EETPU.

In return Hitachi is to give all 800 employees staff status and more job security and has undertaken to introduce new products to make Hirwaun its main European factory.

The company has already begun introducing other features common to Japanese-owned plants, such as unit-based and single factory caucuses in a £3m programme to create a new working environment.

It has, however, made more than 400 people redundant since taking full control of the factory from GEC earlier this year.

The permanent consultation machinery will take the form of a "company members board" of six management and 11 trade union representatives, elected by secret shop floor ballot, empowered to discuss all aspects of the company's affairs.

Elaborate procedures will try to settle disputes by conciliation, secret ballots and, as a last resort, pendulum arbitration. There both sides bind themselves to accept the judgment of an arbitrator who must pronounce in favour of either management or employees rather than recommend something in between.

Mr Bevan stressed the new procedures did not amount to a "no strike" clause.

Confrontation countdown for drivers and dockers

THE 520 dockers at Dover came out on strike on Monday on a narrow margin. The 60:40 vote in favour of obeying the Transport and General Workers Union call was disputed, and though the margin was clearly in the union's favour, the tensions surrounding the decision never left.

Dover's dockers are not the battle-hardened activists of the older dock labour scheme ports. While most are loyal union members, they have no automatic tradition of militancy. They are also on the receiving end of the pushover pressures when a dock strike is threatened.

The decision on Monday had imposed a ban on freight traffic but kept passenger traffic going. Alan Green, the TGWU district officer who had recently taken over responsibility for the docks, drove around the docks on Monday evening and noted his satisfaction that the complex was working well.

On Tuesday, the first signs of trouble began. Drivers stuck in Calais, Cherbourg, Ostend, Boulogne and other continental ports began venting their frustration. By Wednesday, they had blockaded a number of these ports and had contacted the Dover stewards to threaten or beg for a return to work.

Some were TGWU members, stuck away from home with limited funds or knowledge of a foreign language. The half dozen stewards manning the Portakabin in Dover docks did not like being blamed for making them suffer.

By Thursday, the pressure was coming from sources closer to home. On the M20, continental and British drivers going to the continent had found their way to the port and were making it clear that they were unhappy with the wait.

On Thursday afternoon, the port's management told the drivers—by then more than 150 strong—that they could drive their trucks to a compound in the docks where there were showers and restaurant facilities. The move was humanitarian but—as the stewards pointed out—brought the threats and the pressure that much nearer and greatly increased the drivers' leverage over the port.

By late afternoon, the stewards—sitting in the Portakabin with Mr Green—were getting reports of threats of violence from the drivers. Other members told the stewards that they had received anonymous phone calls at their homes, threatening beatings if the port was not reopened. A call came to the cabin from Ostend that there had been at least one serious injury as a truck manoeuvred.

By early evening, the threats had taken a concrete form. The drivers had burst out of their complex one, and had seemed ready to damage the ports. Earlier on Thursday, the driver had been assured by management that they would be moved by 10 that evening; this assurance followed a partly successful attempt by the drivers to burst out of their compound and blockade part of the port.

At about seven in the evening, it was clear that the

John Lloyd reports how a week's conflict at Dover built up to breaking point

drivers meant violence to the dockers and to damage the port if they were not assured of a ferry by 10 pm. Most of the drivers were Continental. Most, including the British drivers, were owner-drivers to whom time was money. They felt left needing to take the dockers, or the stewards' problems into account.

At the same time as Mr Green and the stewards were faced with making a rapid choice, talks were grinding on in London at the offices of the Advisory Conciliation and Arbitration Service. They desperately needed some resolution, or indication of progress, so the stewards could hold the line. But all the reports said the session would be long and tortuous.

Between 8 and 9 pm, Mr Green, Mr Les Sharp, the shop stewards' committee chairman, and the other stewards faced the hard choice: either haul out all the dockers and close the port, or open it completely once more. By 9.15 pm they had agreed with the port management to issue a statement which opened it.

Sharp said yesterday: "We had women and children in the docks last night and we could not put them in the front line. We were very sad that we had to let our negotiators down in London, but it was only this pressure that made us back down."

Mr Alan Green is full of praise for the stewards, believing they acted responsibly throughout the week. The decision to reopen Dover was taken by the stewards—but Mr Green says that "they felt responsible for all the people in the docks that night—and there were a lot of holidaymakers. I had no doubt that the drivers were serious in their threats."

ing it clear that they were unhappy with the wait.

The decision on Monday had imposed a ban on freight traffic but kept passenger traffic going. Alan Green, the TGWU district officer who had recently taken over responsibility for the docks, drove around the docks on Monday evening and noted his satisfaction that the complex was working well.

On Tuesday, the first signs of trouble began. Drivers stuck in Calais, Cherbourg, Ostend, Boulogne and other continental ports began venting their frustration. By Wednesday, they had blockaded a number of these ports and had contacted the Dover stewards to threaten or beg for a return to work.

Some were TGWU members, stuck away from home with limited funds or knowledge of a foreign language. The half dozen stewards manning the Portakabin in Dover docks did not like being blamed for making them suffer.

By Thursday, the pressure was coming from sources closer to home. On the M20, continental and British drivers going to the continent had found their way to the port and were making it clear that they were unhappy with the wait.

Stoppage tested strength of transport union's solidarity

BY BRIAN GROOM AND DAVID HELLER

A FULL ANALYSIS of who won the two-week national dock strike—if union delegates call it off today—must await disclosure of the settlement terms. Preliminary conclusions can however be drawn on what the dispute has demonstrated about "dockers' strength and solidarity."

In the late 1960s and early 1970s docklands were a byword for militancy, unofficial strikes and occasional violence. But voluntary redundancies have cut the registered workforce from 41,000 to 13,700 in the past 12 years, and altered some of the old communities beyond recognition.

The last national strike was 1972 and, unlike four years ago, no one knew how solid a national strike the Transport and General Workers' Union could now mount. Some ports had clearly become more peaceful. Several employers felt they could break the dockers within three weeks; Whitehall was more cautious, feeling that dockers were still unpredictable.

On balance, Whitehall appears to have been right. If the TGWU had reached a deal with employers before Thursday, the union would have shown it could halt nearly all seaborne trade in a strike which was more solid than 1972 when Felixstowe came out only briefly, and Dover not at all.

The collapse of Dover dockers on Thursday night in the face of intimidation from lorry drivers—some of them TGWU members—severely dented the solidarity. Felixstowe may well also have returned to work yesterday irrespective of a deal at national level.

The Government and employers can conclude therefore that if there is something they want to do at the risk of confrontation—such as abolish the 37-year-old statutory dock labour scheme—there is still the chance of turning the tide of a national strike after a couple of weeks.

The dockers have shown, nonetheless, that they are no pushovers.

Some ministers were saying privately by the middle of this week that the strike had to be settled at all costs. The Government has said repeatedly over the past week that it had no intention of scrapping the labour scheme.

The TGWU's success in bringing out so many ports gives some comfort to Mr John Connolly, the union's national docks secretary. In an internal memorandum last month, he expressed concern about lack of support among members for the union's policies, and about the deals on such things as manning levels being signed by local officials, which he felt set one port against another.

Miners still live in tight-knit communities which, in the left-wing areas, have closed ranks in support of their strike. Dockers' communities have been diluted by job losses, although some of the old camaraderie survives among ex-dockers.

London docks have shed thousands of jobs and moved from areas such as Wapping, Stepney, Bermondsey and Rotherhithe 26 miles down to Tilbury. Last year dockers at the Port of London Authority staged the longest strike in PLA history and came out again in the present dispute.

This is in spite of such things

as the increase in the age profile.

PLA barge workers once ran 12 football teams. Now they have none. With an average age of 44, London's 3,000 dock workers are more likely to be seen on the golf course or the bowling green.

Also, dockers in a mechanised age are more skilled technicians than labourers, and shift work has broken some of the group's spirit.

Mr John Burke, a London docked for 26 years and the Dock Labour Board's welfare officer, said: "You can work for the same company as a mate and never see him because you're on a different shift."

"Dockers have become more cynical as they've seen the industry run down and it has taken some of the laughs away."

The union has not been able to stop members taking voluntary redundancy. Mr Burke said: "If you're not fit enough to earn much of a bonus, and every day you face a long and expensive ride to work, then a once-in-a-lifetime payoff sounds appealing."

A remarkable amount of the old solidarity can and has been conjured up, but in the long term the growth of ports like Felixstowe—where dockers are more moderate—is nonetheless slowly changing the face of the industry.

Many Felixstowe dockers belong to the local Conservative Club and house agents sell numerous middle-class properties to the well-paid dockers.

In the past year the average earnings of the dock company's 1,532 employees was £13,507, up 10.7 per cent on the previous year.

Seamen suspend ban on Sealink freight

THE National Union of Seamen decided yesterday to suspend its week-old ban on the movement of Sealink freight traffic.

The ban was called off—at least for the time being—while the union talks with the company's owner, Sea Containers.

Sealink announced that a sailing would be back to normal from 2 pm yesterday.

Mr Jim Slater, the union general secretary, said: "There is a great fear of what could happen, but we are giving the new owners every opportunity to present their case."

"There would be allegations thrown at us that we were forcing the company to act under pressure or dragging them into the negotiating table, if we kept up the action."

The decision which followed settlement of the dockers' dispute earlier yesterday, paved the way for an end to disruption at UK ports. It was taken unanimously by the 16-strong union executive.

But the NUS leaders gave a tough line with Sea Containers, a U.S. company based on Bermuda, which has agreed to pay £66m for Sealink.

The union started its freight ban on July 13 as part of a

long-running campaign against privatisation. Five days later, Mr Nicholas Ridley, the Transport Secretary, announced in the Commons that Sealink, a British Rail subsidiary, was being sold.

Mr Slater said it was union policy to ensure that all services, routes and jobs be retained. Industrial action would be resumed if the company threatened any cuts.

The Channel Islands services were the ones most at risk and he was concerned about the future of freight liners and train ferries, not mentioned in the company document.

ing the company to act under pressure or dragging them into the negotiating table, if we kept up the action."

Strike vote called at creameries

BY DAVID BRINDLE, LABOUR STAFF

ALMOST 5,000 creamery workers are to vote on a call for strike action against any compulsory redundancies resulting from EEC milk quotas.

Dairy Crest, the commercial arm of the Milk Marketing Board, wants to shed a total of more than 400 jobs at 17 of its 30 creameries to allow for production cuts brought about by the quotas.

The decision to hold a strike ballot was taken yesterday by shop stewards of the Transport and General Workers' Union and of the shopworkers' union,

sent the vast majority of the creamery workers.

Mr Garfield Davies, an Usdaw national officer, said the aim of the ballot was to win support which would deter Dairy Crest from proceeding with any compulsory redundancies. The unions would accept voluntary severance.

According to Mr Davies, it is the first time creamery workers have been asked to consider national industrial action.

Dairy Crest said it was "reasonably confident" of

the vast majority of the creamery workers.

Seamen suspend ban on Sealink freight

THE National Union of Seamen decided yesterday to suspend its week-old ban on the movement of Sealink freight traffic.

The ban was called off—at least for the time being—while the union talks with the company's owner, Sea Containers.

Sealink announced that a sailing would be back to normal from 2 pm yesterday.

Mr Jim Slater, the union general secretary, said: "There is a great fear of what could happen, but we are giving the new owners every opportunity to present their case."

"There would be allegations thrown at us that we were forcing the company to act under pressure or dragging them into the negotiating table, if we kept up the action."

The decision which followed settlement of the dockers' dispute earlier yesterday, paved the way for an end to disruption at UK ports. It was taken unanimously by the 16-strong union executive.

But the NUS leaders gave a tough line with Sea Containers, a U.S. company based on Bermuda, which has agreed to pay £66m for Sealink.

The union started its freight ban on July 13 as part of a

long-running campaign against privatisation. Five days later, Mr Nicholas Ridley, the Transport Secretary, announced in the Commons that Sealink, a British Rail subsidiary, was being sold.

Mr Slater said it was union policy to ensure that all services, routes and jobs be retained. Industrial action would be resumed if the company threatened any cuts.

The Channel Islands services were the ones most at risk and he was concerned about the future of freight liners and train ferries, not mentioned in the company document.

ing the company to act under pressure or dragging them into the negotiating table, if we kept up the action."

Strike vote called at creameries

BY DAVID BRINDLE, LABOUR STAFF

ALMOST 5,000 creamery workers are to vote on a call for strike action against any compulsory redundancies resulting from EEC milk quotas.

Dairy Crest, the commercial arm of the Milk Marketing Board, wants to shed a total of more than 400 jobs at 17 of its 30 creameries to allow for production cuts brought about by the quotas.

The decision to hold a strike ballot was taken yesterday by shop stewards of the Transport and General Workers' Union and of the shopworkers' union,

sent the vast majority of the creamery workers.

Mr Garfield Davies, an Usdaw national officer, said the aim of the ballot was to win support which would deter Dairy Crest from proceeding with any compulsory redundancies. The unions would accept voluntary severance.

According to Mr Davies, it is the first time creamery workers have been asked to consider national industrial action.

Dairy Crest said it was "reasonably confident" of

the vast majority of the creamery workers.

BCal gives jobs pledge to BA staff

By Michael Dome, Aerospace Correspondent

BRITISH Caledonian, the independent airline seeking to take over a substantial number of routes from British Airways, has reaffirmed that this would not involve BA staff losing employment.

Sir Adam Thomson, chairman of BCal, said yesterday that his airline was prepared to offer jobs to BA staff involved in the routes transferred and aircraft purchased.

Sir Adam was replying to the statement by Lord King, chairman of BA, that if the full transfer of European and long-haul routes proposed by the Civil Aviation Authority were implemented, it would cost up to 3,600 jobs, and BA would lose almost £300m in annual revenues.

Sir Adam could not give a precise figure for the number of staff to whom BCal would offer jobs, as the CAA would be responsible for the transfer of staff. But he promised "close consultation" with unions.

The CAA this week supported transferring routes from BA to the independent sector.

The Government's views are still awaited.

BMW challenges survey findings

BY JOHN GRIFFITHS

THE PRICES of some BMW cars are lower in the UK than in Belgium or West Germany, the managing director of BMW (GB) claimed yesterday.

Mr Paul Layzell was reacting to a Consumers' Association survey which concluded that family cars cost as much as £2,000 more in the UK than on the continent, and that "the sky's the limit" on luxury car savings.

Mr Layzell said that BMW's cheapest 316 model cost £106 less, and its 628i coupé £1,800 less, in the UK than in Belgium.

A 628i cost £1,000 more in West Germany, with a saving of only £4 on a 732i ordered in West Germany rather than Britain.

For the purpose of his comparison, Mr Layzell worked on exchange rates of DM 3.72 and BFR 76 to the pound.

The comparisons, however, do not directly reflect showroom prices of identical models. For example, the UK price of a 320i, net of tax but including delivery, is £7,558. BMW was

unable to give the pre-tax Belgian price of a left-hand-drive 320i, but using Mr Layzell's exchange rate, the car's maximum price in Belgium would be £6,523.

To reach its Belgian price of £7,566 for a right-hand-drive 320i to UK specifications, the company adds £500 for right-hand drive, £93.75 for other fittings, £250 for travel to pick up the car, £90 for type approval and £100 for the first two services, which would be free on a model bought in the UK.

Six other unions at the factory are fighting the agreement, not least because of the loss of certain rights.

A branch meeting of the second largest, the Amalgamated Union of Engineering Workers, voted 89 to two against the deal.

The others—ASTMS, APEX, AEUW (TASS), UCATT and the TGWU—are awaiting the outcome of a formal complaint on Tuesday to the TUC at the EETPU's co-operation with Hitachi over single union negotiating rights.

Hitachi insists it intends to implement the deal from August 10. Assuming it sticks, this will be the first time that single union negotiating rights have been introduced at a long-established manufacturing plant.

The permanent consultation machinery will take the form of a "company members board" of six management and 11 trade union representatives, elected by secret shop floor ballot, empowered to discuss all aspects of the company's affairs.

Elaborate procedures will try to settle disputes by conciliation, secret ballots and, as a last resort, pendulum arbitration. There both sides bind themselves to accept the judgment of an arbitrator who must pronounce in favour of either management or employees rather than recommend something in between.

Mr Bevan stressed the new procedures did not amount to a "no strike" clause.

regard it, the owner's sub-marine hypothesis must be accepted, as on the balance of probabilities, the explanation of this casualty.

The underwriters complained that the judge had, in fact, decided the case on the balance of improbabilities; preferring a cause he had admitted to be inherently improbable, merely because the alternative was impossible.

Sir John decided that the underwriters had not satisfied him that the judge, who had had the benefit of seeing and hearing the witnesses, had been wrong.

Lord Justice O'Connor and Lord Justice May agreed.

Ship insurer loses appeal over sinking

BY RAYMOND HUGHES, LAW COURTS CORRESPONDENT

THE LOSS of an elderly Panamanian cargo ship in the Mediterranean six years ago posed a problem for three Appeal Court judges yesterday.

Few tales of the sea, said Sir John Donaldson, Master of the Rolls, could be stranger than that of the *Popi M*, which sank suddenly in deep water, in near perfect weather conditions, without another vessel in sight.

There was no suggestion that she had been scuttled or was unseaworthy, Sir John said.

But the hull plating suddenly opened up, and that, coupled with other misfortunes, resulted in the sinking.

The vessel's insurers appealed unsuccessfully against a Com-

mercial Court decision that the *Popi M* was lost through a peril of the seas (under the 1906 Marine Act) against which her owner, Rhesa Shipping Co, was covered.

Sir John said that Rhesa's theory was that the vessel might have been struck by a submarine, "although neither hide nor hair of one was ever seen."

The underwriters' suggestion was that she had been so decrepit that she fell apart.

In the Commercial Court Mr Justice Bingham concluded that "despite the inherent improbability, and despite the disbelief with which I have throughout been inclined to

regard it, the owner's submarine hypothesis must be accepted, as on the balance of probabilities, the explanation of this casualty."

The underwriters complained that the judge had, in fact, decided the case on the balance of improbabilities; preferring a cause he had admitted to be inherently improbable, merely because the alternative was impossible.

Sir John decided that the underwriters had not satisfied him that the judge, who had had the benefit of seeing and hearing the witnesses, had been wrong.

Lord Justice O'Connor and Lord Justice May agreed.

APPOINTMENTS

New chief for Institute of Directors

Sir Kenneth Corfield, has been elected president of the INSTITUTE OF DIRECTORS. Sir Kenneth, who is chairman and chief executive of Standard Telephones and Cables, joined the Institute in 1959, became an elected member of Council in 1960 and a vice-president earlier this year. Former president, Lord Erroll of Hale has been appointed chancellor of the Institute.

TYRE & RUBBER CO (GREAT BRITAIN) will be retiring from September 30. He will be succeeded by Mr G. E. Lawrence, managing director of Tyre services Great Britain. Mr Smithurst will remain on the board and serve in an advisory capacity after September 30.

Northern Ireland. His appointment takes effect August 1.

Mr Roger Selman has been appointed company secretary of BARHAM GROUP.

INTERNATIONAL. Mr Aldred replaces Mr Michael Beadmore, who has been named vice president of marketing for Masstor Systems Corporation, the parent company based in Sunnyvale, California. Aldred was director of marketing for Masstor Systems (UK).

Manston (Contractors), a member of the Epsley-Tyax Construction Group, has changed its name to EPSLEY-MANSTON CONSTRUCTION and has appointed a new team following the departure of Mr P. J. Gilman to pursue his private interests. Mr Gary E. Wakeham, chairman and chief executive of Epsley-Tyax Construction Group and a director of Epsley Trust, the parent company, becomes chairman of Epsley-Manston Construction and Mr John A. Keetley becomes managing director and deputy chairman of the re-constituted company. Mr I. Peter Nelson becomes director (estimating) and Mr Gerry Ellingham becomes director (surveying). Mr John R. Pope, finance director of Epsley-Tyax Construction Group, joins the board.

STEELCASE STRAFOR (UK) has made Mr Jack Spalding its managing director. Mr Spalding joined Steelcase at its headquarters in Grand Rapids, Michigan in 1968. He began as a divisional sales manager and went on to become the vice president of human resources.

Mr Andrew Wassell will become managing director of LOVELL HOMES on October 1. At the same time, Mr Wassell will join the board of Y. J. Lovell (Holdings), as well as becoming chairman of the Lovell Homes regional subsidiary companies. Mr Wassell was a director of Countryside Properties. Mr Peter Davis, managing director of Lovell Homes, will become deputy chairman of that company. He will continue to serve on the board of Y. J. Lovell (Holdings), assuming additional responsibilities on special assignments on its behalf.

Mr Frank Vickers has been appointed director and general manager of SUN ALLIANCE INVESTMENT & LIFE SERVICES. Sun Alliance's new direct-sales subsidiary.

WINCHESTER BOWRING has appointed Mr R. G. Rutty and Mr J. E. Sparkes directors. Mr M. W. Gallafan, Mr R. A. Lay, Mr M. E. Sweeney have become departmental directors and Mr S. Doyle and Mr J. S. White, assistant directors.

GENERAL FOODS has appointed Mr Noel McCloskey personal director following the return to the U.S. of Mr Cur Mairs as vice-president, personnel and communications to Entenmann's/Oroweat, part of General Foods Corporation. Mr McCloskey has been with General Foods since 1970 when GF bought Windsor Foods, a pet foods company in Portadown,

Mr James R. Nicholson has been appointed a director of THE FLEMING ENTERPRISE INVESTMENT TRUST.

Mr Michael Turnbull has been appointed to the newly-created position of director of marketing for THORNTON BAKER. He joins Thornton Baker from PA Management Consultants where he was a regional manager in charge of client management.

Mr G. E. Smethurst, sales director of THE GOODYEAR

Mr G. D. Richards has joined P. I. CASTINGS and AICAL as general manager and has been appointed to the board of both companies.

Mr Vic Becker has been promoted from business and development manager to managing director of THALASSA OFFSHORE (SCOTLAND). He joined the company from Solus Ocean Systems of Houston where he was area manager for Europe.

Mr Neil Aldred has been appointed director of marketing for MASSTOR SYSTEMS IN-

UK CONVERTIBLE STOCK 21/7/84

Name and description	Size (£m)	Current price	Terms*	Conversion dates†	Flat yield	Red yield	Premium		Income		Div‡	Current
							Current	Ranget	Eq§	Conv¶		
British Land 12pc Cv 2002	9.60	378.00	333.3	80-87	3.2	-2.8	-7 to -2	27.8	30.4	0.7	+ 3.4	
Hanson Trust 91pc Cv 01-06	81.54	299.50	160.7	85-01	3.3	-5.9	-9 to 2	169.3	73.3	-30.1	-24.3	
Slough Estates 10pc Cv 87-90	5.03	271.00	234.4	78-85	3.7	-6.8	-11 to -1	13.7	4.8	-3.1	+ 3.7	
Slough Estates 5pc Cv 91-94	24.72	116.00	97.5	80-88	6.9	5.3	-4.1	-5 to 2	22.3	22.6	0.3	+ 4.3

* Number of ordinary shares into which £100 nominal of convertible stock is convertible. † The extra cost of investment in convertible expressed as per cent of the cost of the equity in the convertible stock. ‡ Three-month range. § Income on number of ordinary shares into which £100 nominal of convertible stock is convertible. This income, expressed in pence, is summed from present time until income on ordinary shares is greater than income on £100 nominal of convertible or the final conversion date whichever is earlier. Income is assumed to grow at 10 per cent per annum. ¶ Income on £100 of convertible stock is assumed to grow at 10 per cent per annum. † This is income of the convertible less income of the underlying equity expressed as per cent of the value of the underlying equity. ‡ The difference between the premium and income difference expressed as per cent of the value of the underlying equity. † This is an indication of relative cheapness. - is an indication of relative dearth. ‡ Second date is assumed date of conversion. This is not necessarily the last date of conversion.

Today's Rates 11 1/4% - 12%

3i Term Deposits

Deposits of £1,000-£50,000 accepted for fixed terms of 3-10 years. Interest paid half-yearly. Rates for deposits received not later than 27.7.84 are fixed for the terms shown:

Terms (years)	3	4	5	6	7	8	9	10
Interest %	11 1/4	11 3/4	12 1/4	12 1/2	12 3/4	13	13 1/4	13 1/2

37 INVESTORS IN INDUSTRY

SAVINGS OFFERS

Company	Page
Lazard Brothers & Co. Limited	7
Allied Hambro Financial Management	7
EBIC Trust	8
Britannia Group of Unit Trusts	8
Towry Law & Co. Limited	9
Save & Prosper Group	9
Hill Samuel	28

Handwritten signature or scribble at the bottom of the page.

THE WEEK IN THE MARKETS

Time to watch the grass grow

LONDON ONLOOKER

FACED WITH striking miners and dockers, institutional investors seemed happy enough to sit and watch the grass grow this week. Peace at the quayside could inject life into an otherwise moribund market but it seems highly unlikely that any lift in equity prices could be sustained while the NUM and the NCB remain at loggerheads.

One major fear is that industrial unrest will spread into other industries as summer gives way to autumn. When, and how, the miners' strike is settled will be the key but if strikes spread, equities could come down with a bump.

But for the present those whose business it is to try and predict the market's next move are finding their crystal balls unusually cloudy. U.S. interest rates are as important as the domestic political scene — U.S. and U.K. interest rates are clearly close bound together again. Yet while the bears may be talking of even higher rates for the moment, at least, U.S. bonds look quite good.

Given the uncertainties that surround the market a lot of institutions are letting the cash balances roll up rather than commit fresh funds to equities.

Equally nobody seems to be willing to push the sell button. It is easier to sit back and see what happens next.

Thorn's rights

The prize for the understatement of the week surely belongs to the executive of Thorn EMI who said "we have not to restore credibility" within the City. Yet that realisation did not prevent him and his colleagues from dropping a £141m rights issue into the laps of the shareholders.

News of the one-for-five issue at 370p a share came within days of the announcement that Thorn is buying 76 per cent of Innos from the Government for £95m and went down in the market like a lead balloon. The gulf between Thorn and the City seems to be getting wider by the day.

Not for the first time there are grave doubts about the direction (if that is the word) of Thorn's acquisition policy. In a generally falling market Thorn has added to its shareholders' misery with a share of self-inflicted wounds which have taken the shares down by nearly 23 within three months.

The abortive attempt to acquire British Aerospace left the market stunned, despite the group's attempt to present a case for industrial logic. The downward slide in the share price was then fuelled by worries over consumer spending trends after the base rate

risers—in fairness Thorn could do little about that. But Innos is certainly a contentious acquisition and one which has got the market seriously worried. The rights issue to pay for Innos was just about the last straw.

Putting aside the question of whether Innos will eventually prove to be a well judged purchase or not, the timing of the rights issue was anything but well judged. Undoubtedly the acquisition could have pushed up capital gearing from the 49 per cent of last March to 77 per cent if it had been entirely financed through the bank. Gearing at that level might be considered excessive in some quarters but Thorn could have lived with it for a while. After all, the cash generating machine of television and video rental should soon be in full swing.

Now it may be that the market is totally misjudging Innos and that Thorn's share price is over-reacting. That may be the case. If so, Thorn's advisers set even less marks for stage management.

As for British Aerospace, it seems to be getting a touch exasperated with its new suitor, GEC. Whereas Thorn EMI seemed happy enough to let market forces set the price for a bid, GEC has been trying to pump BAE for more and more information. After six weeks of talking BAE has told Lord Weinstock's group either to "put up or shut up." The aircraft manu-

facturer has published estimates of its half-time figures (profits up from £38.5m to £50m) for the benefit of shareholders and GEC alike. Background talks are now off. It is up to GEC to come up with a bid if it wants.

Nippy NatWest

The bank's shares have been performing well after the base rate increase but National Westminster slipped in a timely reminder this week of the damage inflicted on the clearer's balance sheets by Mr Lawson's March Budget. NatWest has asked its shareholders for £200m of fresh equity via an unusual deep discounted rights issue.

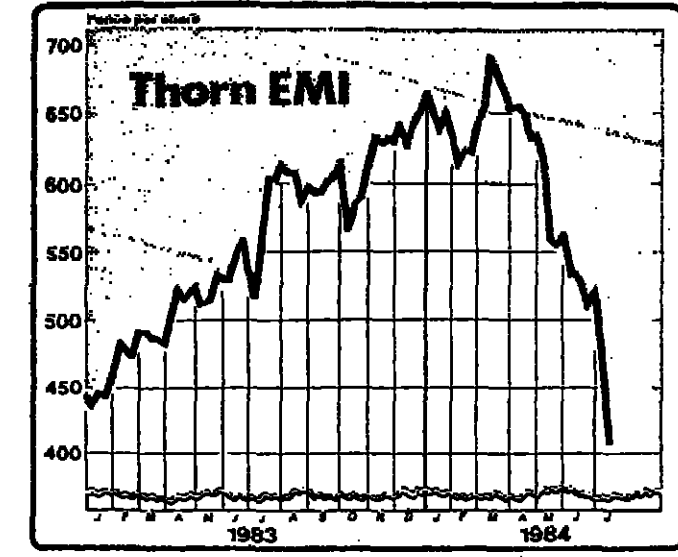
A round of rights issues from the clearer's has looked a strong possibility for some time. The Budget's changes to capital allowances stripped £20m out of the clearer's balance sheets as a whole and NatWest had the biggest exposure to leasing of all. It suffered a blow of £60m which had to be taken out of reserves to be set against future tax liabilities.

Nevertheless, the issue, within days of Thorn's £141m call (though obviously for totally different reasons), caught the market off guard. The clearer's interim results season only gets underway next week and the market had made a mental note that a rights issue of two would be on the cards then, but not now.

NatWest has clearly stolen a march on its rivals. Barclays Bank is considered as a likely candidate for a cash call. Its key capital ratios are close to the point where a rights issue is normally triggered and it could do with some extra finance to back its move into the securities industry via de Zoete and Wight Durlacher. Midland too, might find a rights issue tempting though it is not even a year since its last one and a share price weakened by the Cracker case may require that Midland soldiers on without tapping its shareholders.

Certainly Midland could not follow NatWest's unusual route of a deeply discounted rights issue. The one-for-two issue at 200p each compares with a pre-issue market price of 632p. Combined with the novel \$400m perpetual loan stock issued a couple of months ago NatWest has repaired virtually all the balance sheet damage wrought by the Budget.

Not that the issue is purely for cleaning up the capital ratios. The bank makes the point that it needs sizeable amounts of capital to tackle the



fast changing financial markets. Is NatWest really thinking of buying an insurance company, as some of the rumours would suggest?

A poor copy

After the disappointing half-time figures from Giessemer this week shareholders could be forgiven for wondering if the long-awaited recovery will ever appear. The market had been anticipating profits of close to £5m for the six months to the beginning of May. Instead Giessemer showed pre-tax profits down from £3.2m to £2.9m. Whereas forecasts for the year had been around £12m it now looks as if the group will be doing well to produce anything much more than last year's £5.9m.

The statement contained more than one unpleasant surprise. In the UK there was a trading loss of £67,000 compared with a £1.63m profit. The explanation is that there were manufacturing problems caused by the introduction of a new duplicator while the office automation venture incurred start-up costs of £850,000. The rest of Europe also swung into the red with a loss of £1.32m against a profit of £804,000.

Across the Atlantic the U.S. operation stayed in the red, albeit at a lower level, but advances in South America helped push the total North and South American contribution into a £1.8m profit—a turnaround of £4.2m. At least something is going the right way.

The recession may have forced recognition of a few harsh realities by Giessemer's managers and, in truth, the group has tried to cut its cloth to accommodate a world where Giessemer no longer dominates the market for reproduction machines. Yet what have voteless shareholders got to look forward to? Hopefully the

recovery is merely delayed rather than non-existent though the City could take some convincing.

No southern comfort

Distillers had forecasted the market at the interim stage when profits had slipped from £8.5m to £6.2m, that the full year would be down. So point of £191.6m against a restated £268.3m, fell broadly within the range of expectations.

Import restrictions, which in some cases closed markets totally, severely upset DCL's exports, particularly to South America which had previously been one of the group's prime export regions. Shipments to Venezuela, for example, collapsed by a third and the total cost of the South American slump is put at £70m of lost profit according to the directors.

Fortunately the important U.S. market is at long last showing signs of bottoming out. Though shipments to DCL's U.S. were down 12 per cent, according to DCL, the group managed to hold market share. And current trading should look better. Industry statistics show a pick-up in exports to the U.S. over the same period of 1983 and undoubtedly, with both DCL's gin and whisky exports to the U.S. priced in dollars, foreign exchange movements are benefiting margins.

Overall, despite the problems of Latin America and the doubts over the strength of the U.S. recovery—higher Federal taxes will not help—there are hopes in the City that profits could reach £220m to £230m this year, including, say, £10m from Somerset Importers.

The preliminary report may have been unexciting but there are grounds for thinking the shares look undervalued at present.

Terry Garrett

Inflation fears

ONE OF THE THEORIES which have been carrying the hopes of the optimists through a pretty glut summer's trading on Wall Street, is that second quarter profits would put some sparkle back into shares. But so far, the champagne turks have refused to pop.

Figures that have emerged in the last two weeks have been about as bubbly as anyone could expect. But every little spurt they have imparted to equities has soon fizzled out.

With about half the reporting season already over, most companies have come in at around market expectations. This was notably the case with the banks which contained the highest potential for nasty surprises, while a lot of companies have greatly exceeded market expectations. TWA, for example, reported net earnings of \$55.4m this week, more than double the

support the lofty rating which had pushed the shares to one time up to \$104, and which even now, at \$80, has the company on a historic price/earnings ratio of about 13, against around 12.5 for the overall market.

On Wednesday, Upjohn was downgraded even more sharply, taking its shares down to \$68, against a high of \$71, as analysts responded negatively to the price cuts on its spectacularly successful Motrin anti-arthritis drug now under pressure from Rufen, marketed by Boots of the UK. And Eli Lilly slipped by \$3 to \$55, compared with its 12-month high of \$66.

Elsewhere, manufacturing industry has been showing every sign of wanting its recovery with scarcely a pause for breath. Consumer oriented businesses are still advancing strongly, as demonstrated by Chrysler, which yet again pulled a record-shattering quarter out of the bag (albeit with the help of some pre-arranged tax breaks), while another further expansion program.

The upturn is still not seeping through strongly to industries which depend on traditional, as opposed to electronic-based, capital formation. But it is at least beginning to give these sorts of companies a boost. Cincinnati Milacron, for example, the machine tool group, has now moved back into profit and is looking at steadily increasing orders.

But for the time being it is the Wall Street pessimists, or at least the worriers, who are holding the sway in the market. As the Dow Jones Industrial Average slipped away towards the 1,100 level during the week, attention was being diverted in Washington, to the second quarter GNP figures, and the eagerly awaited appointment of Mr Paul Volcker, chairman of the Federal Reserve Board, before the Senate Banking Committee next week.

The buzz on Wall Street is that the GNP figures may be revised for the second quarter to show growth of around 5.8 per cent against the initial 5.7 per cent estimate. At the moment, Wall Street construes that as very bad news indeed, arguing that this will be far too much of a good thing, leading either to inflation or higher interest rates, or both at the same time—a real mishmash of horrors which do not always have a totally logical connection.

The earnings figures reported by the industry this week were all up, but not by enough for Wall Street, which wants something better than a 6 to 7 per cent increase in the present climate. Merck shares, for example, having fallen sharply last week, were knocked back further. The 6.5 per cent profit gain was simply not enough to

NEW YORK TERRY DODSWORTH

figure that Salomon was recently forecasting.

On the other hand, the market has shown itself deeply sensitive to bad news. Last week, the slide was put under Wall Street by the hefty P&G dividend cut. This week it was the news of the drug stocks, which were suddenly perceived to be vulnerable to 20 manner of threats—the strength of the dollar on their international earnings, the pressure from Government and the insurance industry to bring down medical costs, and, in some cases, new competition from Europe for specific big-selling products.

Merck, the industry leader, Eli Lilly and Upjohn all came under attack, either as a result of analysis reports or actual results. Smith Barney, for example, has once again stressed its recommendations against the pharmaceutical sector in general, and Merck and Schering-Plough in particular, while E. F. Hutton has gone neutral on Pfizer, which has almost 70 per cent of its business overseas.

The earnings figures reported by the industry this week were all up, but not by enough for Wall Street, which wants something better than a 6 to 7 per cent increase in the present climate. Merck shares, for example, having fallen sharply last week, were knocked back further. The 6.5 per cent profit gain was simply not enough to

Monday	111.6	+ 5.98
Tuesday	1112.90	+ 6.07
Wednesday	1111.64	- 11.26
Thursday	1102.92	- 8.72

MARKET HIGHLIGHTS OF THE WEEK

	Price	Change	1984	1984	
	/day	on week	High	Low	
F.T. Ind. Ord. Index	776.2	+ 5.5	922.8	744.7	Dock strike settlement
F.T. Gold Mines Index	509.8	- 39.4	717.7	509.8	Johannesburg selling
Applied Botanic	51	- 41	23	5	Refinancing proposals
Barclays Developments	84	- 6	188	82	Deaver mortgages
Butterfield-Harvey	19	+ 5	30	10	Technology Inc. increases stake
Charter Cons.	248	+ 55	262	190	Rumoured share stake build-up
Distillers	295	+ 14	319	244	Preliminary results
Dixons Group	235	+ 17	310	215	Comment on results
Eglington Oil & Gas	168	- 23	245	76	Colombian drilling disappoints
Equity & Law Life	177	+ 24	185	132	Good new life figures
Halma	160	+ 17	180	136	Speculative demand
Hollis Bros. & E.S.A.	51	+ 9	53	33	Speculative demand
Hunting Petroleum	142	+ 16	158	122	Sale of drilling sub. for £17m
ICI	546	+ 14	650	526	Interim results due Thursday
Leech (Wm.)	145	+ 27	160	70	Bid situation
Filkington Bros.	258	+ 23	350	222	Bid speculation/Press comment
Rowntree Mackintosh	292	+ 14	306	216	Bid speculation
Sun Life Assce.	665	+ 35	692	545	Takeover speculation
Thorn EMI	413	- 50	698	407	£136m rights issue
Vitens	238	- 20	324	238	Disappointing results

A phoenix takes to the skies

IT MAY SEEM fanciful to combine in one sentence a bird, the quintessential attribute of which is soaring freedom, and the deepest mine in the world, but there is something decidedly Phoenix-like about the recovery in the fortunes of South Africa's Western Deep Levels gold mine.

The quarterly reporting season for the South African gold mining industry drew to a close this week with the reports from the mines in the Anglo American Corporation group, and the recovery at Western Deep must surely rank as the outstanding success story of the season.

The mine, operating at depths down to 3,780 metres below the surface, suffered a serious underground fire towards the end of last year, which denied access to the rich gold-bearing ore of the Carbon Leader reef during the first quarter of this year.

The tonnage mined was maintained, but only by dint of switching operations to lower-grade areas, and gold production suffered in consequence of the steep drop in the average grade.

In the June quarter, the average grade recovered from 9.4 grammes of gold per tonne (9.4 parts per million) to a much healthier 10.2 grammes, still well short of the experience of the past few years, but sufficient to restore gold production almost to former levels.

This recovery, coupled with the slightly higher gold price in terms of South African currency, led to much improved working profits from gold, more than offsetting the small rise in cost of by-product uranium, and the latest quarter saw a jump in income from this source to R2.16m (£1.1m), compared with just R202,000 in the March quarter.

The jump in uranium revenue was not explained, but presumably arises from one or more extremely lucrative deliveries.

As a result, pre-tax profits advanced from R73.5m to R82.2m, and the reduced tax charge restored the profits 49 per cent higher at R88.5m.

The charge for tax and the state's share of profits, which is calculated through the complex mining lease formula, was in fact virtually halved at R13.7m. This was a consequence of the steep rise in capital expenditure, which is available for offset against tax, from R30.8m to R51.5m.

This rise keeps the mine's substantial capital expenditure programme, designed to maintain and expand production, on schedule.

right in line with the share market's expectations.

Although this phoenix has risen from the ashes of last year's fire, the recovery is not yet complete. The tonnage mined, gold grade and gold production were still below the targets set for the June quarter, but with the remainder of the working

MINING

GEORGE MILLING-STANLEY

places affected by the fire currently being reopened, ore grades will rise further in the present quarter, and the mine expects to be back to normal by the time the results for the three months to September are announced.

Despite the bumper uranium income in the June quarter, Western Deep is still going ahead with plans to cease production early next year. Future sales commitments will be met from the mine's stockpiled material, worth perhaps U.S.\$20m at current prices, and from "other sources", presumably the other mines in the Anglo stable, a number of which also produce uranium as a by-product of gold.

The uranium plant will not remain idle for long. The mine intends to spend some R35m on converting it to the treatment of gold ore, and it has been estimated that Western Deep's tonnage could rise from the present annual rate of 2.8m tonnes to perhaps 7m tonnes over the next five years as a result.

This near-doubling of treatment capacity would come nowhere near to increasing gold output by the same amount, as

much of the extra capacity would be used to treat low-grade surface material, but it would nevertheless have a considerable impact on profits.

Western Deep Levels is a high-grade gold mine, and the speed of its recovery from last year's fire is impressive, suggesting sound management. That bodes well for the mine's future, which is put at around 40 years. This phoenix still has a long way to fly.

● The Western Deep quarterly illustrated a number of points which were common to many of the other mines in the June period.

Perhaps the most significant of these was the continued depreciation of the South African rand against the U.S. dollar, which meant that, although the dollar gold price was lower in the latest period, rand income was actually a bit higher. That is important, since rand income has to be met in the South African currency.

Another factor was the extent to which allowable capital expenditure affects the tax charge. A number of the mines were able to report higher net profits following lower tax charges consequent on increased spending on the capital account.

Here, the young operations Elandsrand and Deekraal

suffered in comparison with their more mature sisters, as they do not yet suffer mining tax against which to offset their rising capital expenditure.

In many cases, mine working costs were higher in the latest quarter, following the wage awards to white workers. Wage costs should rise further in the current period, but the extent of this will be impossible to assess until the dispute with the black National Union of Mine-workers is settled.

The other main point to emerge from the June quarter-figures was one that has been repeated many times in this column, but is worth siring once more. The only time to invest in the more marginal mines, those usually ageing operations with low gold grades and high working costs, is when the gold price is rising steadily.

Then, the poorer-quality mines gain from their higher gearing to the gold price, and share prices rise faster than those of the richer operations.

Only the richer mines, however, can cope with a static or falling gold price. The performance of Kloof, Vaal Reefs, Driefontein Consolidated, Randfontein Estates, Harmony, Hartbeesfontein and Western Deep Levels in the latest quarter bears eloquent witness to this proposition.

GOLD MINE NET PROFITS

	June quarter	March quarter	December quarter	September quarter
Blyvooruitzicht	12,947	13,147	16,056	15,337
Bracken	2,413	1,620	1,587	2,438
Buffelsfontein	54,244	50,642	42,057	43,085
Deekraal	9,013	9,351	3,823	4,372
Doornfontein	16,262	13,902	15,060	10,766
Driefontein	104,007	95,143	86,027	80,317
Durban Deep	31,023	31,750	23,851	31,949
Erago	12,135	19,803	15,482	16,226
East Rand Pty	31,243	31,719	31,995	34,624
East Transvaal	7,146	6,833	4,556	5,069
Elandsrand	17,199	14,826	16,360	18,257
FS Geduld	21,041	20,105	21,610	32,743
Grootevlei	4,438	3,470	5,258	3,898
Harmony	25,283	25,892	26,732	26,445
Hartbeesfontein	34,178	27,304	29,063	35,461
Kinross	11,155	8,731	10,025	12,073
Kloof	47,434	41,187	38,799	39,202
Leslie	3,386	2,231	1,774	2,724
Libanon	11,601	9,839	12,456	11,331
Loraine	2,265	2,389	53	81,665
Marieval	200	349	900	577
President Brand	23,694	40,461	29,268	43,809
President Steyn	28,828	25,211	24,481	36,252
Randfontein	55,257	43,491	36,290	41,413
St Helena	14,268	9,293	12,455	18,383
South African Land	11,937	979	1,135	1,047
Stifffontein	11,297	6,228	11,032	7,771
Unisel	6,530	6,502	7,698	9,614
Vaal Reefs	111,472	82,193	125,179	82,366
Ventersburg	2,535	2,298	31,681	2,532
Village Main	366	312	191	187
Vlakfontein	736	571	545	513
West Rand Consolidated	1,333	1,335	375	527
Western Areas	13,700	17,749	25,290	15,907
Western Deep	88,486	47,547	47,191	64,287
Western Holdings	33,894	35,372	29,773	63,016
Winkelbaak	13,674	11,082	11,838	15,359

Restated to reflect tax changes in March budget.
Loss.
After receipt of state aid.

This Malaysian tiger has international trade financing at its feet.

The tiger is the symbol of Malayan Banking, Malaysia's Largest Banking Group. Our strength, size and reputation for handling large syndicated credits, have given us the experience and resources to offer you superior trade services — Documentary Credits and Collections, Bills of Exchange Purchase and Trust Receipts. We have a staff of trade service specialists who are in

TOTAL ASSETS EXCEEDING US\$ 6.6 BILLION.

OVER 180 BRANCHES IN MALAYSIA AND ABROAD.

OVER 1.5 MILLION ACCOUNT HOLDERS.

LARGEST BANKING GROUP IN MALAYSIA, COMPRISING COMMERCIAL AND MERCHANT BANKS, FINANCE, LEASING AND INSURANCE COMPANIES.

MALAYAN BANKING BERHAD
Malaysia's Largest Banking Group.

constant touch with the major centres of the world. And a widespread network with branches in Hong Kong, London, Hamburg and correspondent banks all over the world.

To find out more about how we can meet your needs, contact:
Mr. Lee Chen Chong
74 Coleman Street,
London EC 2R 5BN.
Tel: 6380561
Telex: 888586
MBBLDN G

FINANCE AND THE FAMILY

An unexpected gift

BY OUR LEGAL STAFF

On December 6 1982 one of our worthy city institutions (Registrars to an investment trust) sent me a cheque for £64,991 in error. At that date I had neither the time nor the inclination to investigate the matter.

On December 10 1982 I paid the cheque into my current account and on December 17 1982 I placed the amount on seven-day money market deposit.

I received a telephone call in January 1983 from our worthy institution asking if I had received the cheque and explaining the error. I stated that I had and indicated my willingness to repay the amount in any manner they desired.

The managing director said he was coming to Liverpool the following day and on his way would call to collect my cheque. This was done. I told him that the amount had been placed on deposit (stating that I thought I was a better custodian of the funds than his company and pointing out that I could have had the funds out of the country and irrecoverable within a couple of hours of receipt) and he stated that I should "accept the interest as a Christmas present from and with the compliments of the company."

My cheque was cleared on January 19 1983 and consequently I incurred interest charges on my current account of approximately £150. Was the money market interest my income or was it in the nature of a gift?

Should I declare the interest as income to the Inland Revenue and would I be able to offset the interest paid on my current account if I am required to declare the money market interest as income?

We think that the interest is not income but a sum which is equivalent to a gift or reward. If it were interest, the current account debit interest should be capable of being set off.

Repointing a wall
The brick wall on the South West boundary of my garden is in need of maintenance. I therefore sought and obtained a quotation from a builder to take out defective pointing to the brickwork and repoint in cement mortar. I approached my neighbour seeking permission for the builder to carry out this maintenance on

my neighbour's side of the wall. After some procrastination, I was told that my request would be considered and that I would be informed in due course if permission were granted. In view of the foregoing, I am particularly interested to learn how one may legally gain access to and carry out normal maintenance on a building, wall or the like when this abuts a neighbour's garden.

In law there is no automatic right of entry to point or otherwise maintain a wall; but a right will readily be inferred if it can be proved that entry has in fact been effected for the purpose of maintenance over a period exceeding 20 years.

A late demand
During April 1982 (approximately), I made my final payment to solicitors handling my case for services rendered (the account was for over £1,000). In April 1984 this year—on the 19th of April to be precise, my solicitor wrote me a letter, the text of which I now reproduce:

"On checking through our Accounts, it has come to light that our books appear to show the sum of £43.80 due from you. Further investigation reveals that you did pay this sum but for some reason which is not immediately clear your cheque went astray and was never paid in. We must apologise profusely for the delay involved and for any inconvenience to you, but we wonder whether you could assist in clearing our books by letting us have a new cheque for £43.80."

I have now received a further demand letter dated 15th June 1984, which states:

"We refer to our letter of the 19th April to which we do not seem to have received a reply. We would be obliged if you would now let us have your remittance for £43.80 as soon as possible."

I consider this attitude unreasonable and high-handed, especially as I did not go out on my way to evade my payment responsibility at the due date. I have no intention to research payment details at this late date for a situation created by someone's else's negligence.

If it is correct that the cheque was not collected for whatever reason—then you have not paid the sum in question. We think that you would be en-

titled to offer to draw a fresh cheque on the undertaking of the solicitors to indemnify you against any payment on or claim made under the original cheque, and on their agreeing that you should deduct the amount (if any) of the cost to you of correspondence over the matter.

No retirement relief
I practiced dentistry in a house owned jointly by my bother and myself until enforced retirement because of disability at age 56 in 1980. I would have liked to have sold the house to my success but at the time he had not the means. Now in 1984 we have sold the house to him, after my 40th birthday.

Half the house was let as private flats and the ground floor and basement rooms used in the dental practice. A capital gain has resulted from the sale. I should be grateful if you would tell me whether I can offset my (sale/gain "at age 60 following retirement" (although not immediately so) of business premises against CGT in part at least.

It is a pity that you did not think to seek tax guidance from the solicitor who acted for you in the sale of the property. It probably would not have made much difference to his or her conveyancing bill.

No retirement relief is due; but did you ever live in the house? If so, ask your tax inspector for the free pamphlet CGTA (Owner-occupied houses).

Legal aid for neighbours
Three years ago we had new neighbours who erected a 6 ft 6 in high fence alongside the whole of our conservatory, blotting out a good deal of light.

We tried to explain that we were entitled to the right of light as the place was about 25 years old but they are not the types who will sensibly discuss a matter and come to some mutual arrangement.

The matter ended in court after the neighbours had consulted no fewer than three firms of solicitors. The barristers concerned were disgusted when they realised the defendants had applied for an emergency legal aid certificate; they declared that

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.

legal aid was not meant for trivial matters such as neighbours' disputes. Eventually, we reached a settlement without having to go before the judge and my husband paid his own costs. No much later we learned that the neighbours had been awarded a full certificate. Soon after that they bought a new car, had some more garden fencing, a new front door, a garage door replaced and some other items. I don't wish to sound as though I were gunning for them, but how does a legal aid committee decide who shall have help?

The legal aid committee assesses the income and capital of an assisted person and makes special deductions to arrive at the disposable income/capital available. Thus, for example, the value of the assisted person's residence is left out of account. As the items which you mention may have been bought on credit there is not a great deal which can be inferred from them.

A single transaction
What constitutes a "single transaction" as specified in the bankers' card conditions? I have had several cheques returned unpaid R/D or "not drawn" in accordance with the cheque card, although they are dated and covered by a valid cheque-card at the time of acceptance, and presented within six months of date.

The argument presented by the bank is that, because the cheques are repayments of a loan, they do not represent a "single transaction," although the branch manager agreed, in writing, that the monthly repayments of a building society mortgage would be considered as a "single transaction."

I fail to see the distinction, as my held cheques represented monthly repayments of a loan, in the same way as a mortgage repayment.

It is a question of fact in each case what constitutes a single transaction. If the loan is expressed to be repayable by instalments payable at different stated times, we would think that the cheque for each repayment is related to one transaction, viz. the instalment in question.

It's no bovver

Unlisted Securities Market

GRADUATION HONOURS this week go to Wight Collins Rutherford Scott, the USM's first and only pure advertising agency, which is applying for a full listing 18 months after its arrival on the market.

The group, which coined the Birmid Qualeast slogan, "it's a lot less bovver than a hovver," has not exactly let the grass grow under its feet since its formation five years ago. It provides a classic example of how the extra publicity gained from a stock market quotation can help a small company win more business.

WCRS has expanded from four breakaways from other advertising agencies operating out of a rented flat to an employer of 115 people, with billings of nearly £27m, making it the 24th largest agency in the land.

Since its market debut, WCRS has seen its shares climb from an initial 150p placing price to a peak of 458p earlier this year. They have sunk back since then, but last week's announcement of an 85 per cent increase in pre-tax profits to £955,000 for the year to April sent the price up 35p to 400p, where the group is valued at £12.8m.

WCRS marked the beginning of the most recent in a series of waves of entrepreneurial creative stars splitting away from larger agencies to form their own ventures, like Valin Folten, the advertising and public relations group set up in 1979 by two Charles Barker City men, which joined the USM in January.

Peter Scott, WCRS's managing director and a former Marsteller director, argues that while being on the USM has not been a direct influence on bringing in extra business, "it has given us an extra stature and permanence. It provides some guarantee to our clients that we are not going to sell out to the Americans next week."

In the past year, the group took on £8m-£10m of new billings from IFT, Sharwoods, Duckhams and Quantas among others. It has just been awarded a £10m media buying contract from Basg to commence in October. WCRS is among four agencies in the running for an £8m-£9m

contract to take on British Rail's advertising from Allen Brady Marsh, due to be announced in two weeks. Even if the group fails to land that project, the City is expecting it to make £12.5m before tax this year.

Now that WCRS has become a substantial force in the industry, does it run the risk of being at the wrong end of the next exodus of talent? Like many other "people businesses" on the USM, WCRS encourages employees to buy its shares, in an attempt to build up their loyalty, so that nearly 95 per cent of the staff now have an equity stake in the business.

"The idea is to give them a stronger commitment to the company," says Scott.

Holiday blues

IN SPITE OF a continuing stream of new arrivals, the USM remains in a sluggish mood. A week ago, the Datstream USM leaders' index sank through the psychologically important 100 barrier to a low for the year of 94.2, climbing back only marginally in the past few days to around 95. Jobbers report that turnover has declined by some 50 per cent from the previous week's total of £25m, itself well below the record £36.5m achieved in the second week of April.

As investors get increasingly choosier, company sponsors have been forced to scale back issue prices further, and it is perhaps a result of brokers' caution that new issues are going to—albeit unexciting—premiums more easily than they were a month ago.

The market showed that it still has an appetite for high-technology stocks of the right quality when DDT Group, a microcomputer maintenance company, immediately rose 7p above its 137p placing price on Monday, climbing towards 160p later in the week.

Entertainment Production Services, which leases video tapes, got a cooler reception the following day, when it kicked off at an 8p discount to its 58p offer for sale price.

Berkeley Group, an unmarket housebuilder, and Britannia Security, an alarm systems supplier, went off at premiums of 14 per cent and 5.5 per cent when dealers in their shares opened on Thursday.

William Dawkins

The Royal Bank of Scotland

Mortgage Rates

The Royal Bank of Scotland plc announces that with effect from 1 August 1984 its Mortgage Rate will be 13 per cent per annum and its rate for New Endowment Mortgages will be 14 per cent per annum.

WRESTLING WITH RECOVERY

A recent series of features on a cross-section of British manufacturing industry set out to illustrate how they had coped with the worst recession since the '30s and how they viewed the future.

Senior executives of the following companies were interviewed by FT journalists: Tootal, Armstrong, Equipment, DRG, Brown Boveri Kent, Perkins, Sheerness Steel, Croda, IMI, Digico, Alcan, Plessey, Kenwood, Dubilier and Gestetner.

These features have been reprinted in a booklet, priced £3.50, available from: Nicola Banham, Financial Times, Publicity Department, Bracken House, 10 Cannon Street, London EC4P 4BY.

If you want to know more about portable pensions, ask the same people the Government did.

Throughout the Government's recent inquiry into portable pensions, Legal & General gave information and advice on how people could have greater freedom in choosing their own pension arrangements.

Legal & General will be just as happy to help you, should you want advice on how the proposed legislation may affect you in the future.

Most importantly, there's no need to 'wait and see' before making provision for your personal pension.

If you take out a pension plan with Legal & General now, you can benefit from this year's tax relief. Later, Legal and General undertakes to offer to convert it to take advantage of the new legislation and guarantees to give you full credit for benefits secured by payments you have already made into the plan.

For further details from Legal & General, phone 01-200 0200.



Handwritten signature or stamp at the bottom of the page.

Spit in it

YOUR SAVINGS AND INVESTMENTS

PENSIONS

Why you should think before opting out

NORMAN FOWLER'S consultative paper on personal pensions, published last Monday, did not disappoint in its scope—it proposes that everybody should have the right to an individual pension plan.

The proposals add a useful extra element of choice for all employees, but they will have to think very carefully before taking the opportunity of opting out of their employer's scheme, or out of the State earnings-related scheme. In any case, it is likely to be two or three years before detailed legislation is produced and enacted.

The employed people who under existing legislation have been locked into their

employer's compulsory pension schemes will need to be aware of three main considerations when they weigh the advantages of taking the personal pension route.

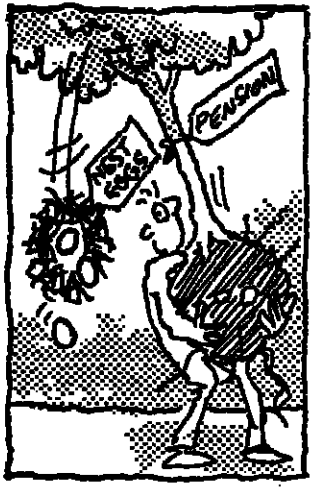
● Personal pensions are inevitably on a "money purchase" basis which means that the benefits depend on how much money is put in, and on how the underlying investments perform. In this they differ from the final salary schemes operated by most employers, where there is no direct link with contributions.

● The Secretary of State's plans do not require any contribution by employers to personal plans. So employees will need to be

clear about how much they are giving up in opting out of the company scheme, and if possible they should negotiate a voluntary contribution by the employer.

● In terms of advertising and marketing, the personal pensions field is very much of a jungle, so good advice will be essential. But the Government may introduce tighter controls to protect investors against misleading sales talk.

Employees in good occupational schemes will not easily be tempted out into the bracing world of personal pensions. But there will be some clear gainers among short service employees who at present slip through the



pensions net. Many of these are women.

Occupational schemes offer them little or no benefits, so personal plans, portable from job to job, would be attractive even if they were of fairly modest size.

Barry Riley

MORTGAGES

Cartel breaks up, but you don't gain

LAST WEEK'S news on the mortgage front may have seemed bad enough but there was worse to come. Just over a week ago the Building Societies Association (BSA) announced that it was advising its members to increase the mortgage rate by 2.25 percentage points to 12.50 per cent.

The increase was prompted by the rise in bank base rates, itself a result of the decline in sterling on foreign exchange markets. In announcing the new rate the BSA said, that it did not consider it reasonable to pass on the full effect of the 2.75 per cent rise in base rates to home borrowers. Individual societies have not felt quite so generous, however.

Over the past week four of the five largest societies, which set the trend for the rest of the industry, have all announced rates which are higher than the rate advised by the BSA. What is more they all differ from each other, reflecting the end of the interest rate cartel.

The major clearing banks have also increased their rates and they too differ from each other. Shopping around for the best mortgage deal which, Herbert Walden, the BSA chairman, has been advocating for some months, is thus essential.

The accompanying table shows what seven of the ten largest societies which have announced their new rates are now charging, along with the new bank mortgage rates. Leeds Permanent, National Provincial and the Bradford and Bingley will be announcing their new rates in the coming week.

The table shows that the basic mortgage rate now varies from society to society for essentially the first time. Nationwide became the first society in April to charge a premium of one quarter of a percentage point above the BSA advised rate on mortgages of up to £30,000 and 1½ per cent above that. It

adopted this policy in preference to the staggered differential system operated by most other societies. Until then it and the Woolwich had been the only two societies which charged the BSA rate on all sizes of mortgages. Other societies only did so at the lower end of the scale, charging more for larger mortgages at different thresholds as can be seen in the table.

The Woolwich remains the only building society which charges the same rate for all sizes of mortgages. But from August 1 this rate will be a quarter of a percentage point higher than the BSA advised rate. For mortgages of £25,000 and over it is thus the cheapest of the building societies, but the Woolwich will only lend to its investors or existing borrowers. Nationwide is the next best up to and including mortgages of £40,000.

For mortgages of between £20,000 (the average sized mortgage) and £25,000 the Halifax and Woolwich charge the same rate of 12.75 per cent, which is the Halifax's new basic rate. For mortgages of between £15,000 and £20,000, however, the Anglia is cheaper having kept its basic rate at the BSA advised rate of 12.50 per cent.

Under the cheapest of the 10 leading societies (which have so far announced rates) are the Anglia and Alliance which has also set its basic rate at the BSA advised rate but starts its differentials at £15,000.

Because it has set a higher basic rate of 12.875 per cent and starts charging more at £15,000 the Abbey National is now the most expensive of the largest societies.

Among the banks, National Westminster is the cheapest at 12.75 per cent, the same as the basic Halifax rate and the flat rate of the Woolwich. Because banks do not usually charge

HOW MORTGAGE RATES STAND AFTER THE INCREASE

Size of loan	Differential %	Repayment rate %	Endowment differential %	Endowment rate %
HALIFAX BUILDING SOCIETY				
Up to 25,000	nil	13.25	+ ½	13.25
25,000-30,000	+ ½	13.25	+ 1	13.75
30,000-35,000	+ 1	13.75	+ 1½	14.25
ABBAY NATIONAL BUILDING SOCIETY				
Over 35,000	+ 1½	14.25	+ 2	14.75
Up to 15,000	nil	12.875	+ ½	13.375
NATIONWIDE BUILDING SOCIETY				
15,000-25,000	+ ½	13.125	+ ½	13.625
25,000-30,000	+ 1	13.375	+ 1	13.875
30,000-35,000	+ 1½	13.875	+ 1½	14.375
Over 35,000*	+ 2	14.375	+ 2	14.875
Up to 40,000	nil	13.00	+ ½	13.50
Over 40,000	+ 1	14.00	+ 1	15.00
WOOLWICH				
All mortgages	nil	12.75	+ ½	13.25
ANGLIA BUILDING SOCIETY				
Up to 30,000	nil	12.5	+ ½	13.0
20,000-30,000	+ ½	13.0	+ 1	13.5
30,000-35,000	+ 1	13.5	+ 1½	14.0
35,000-40,000	+ 1½	14.0	+ 2	14.5
Over 40,000	+ 2	14.5	+ 2½	15.0
ALLIANCE BUILDING SOCIETY				
Up to 15,000	nil	12.5	+ ½	13.0
15,000-25,000	+ ½	13.0	+ 1	13.5
25,000-35,000	+ 1	13.5	+ 1½	14.0
Over 35,000	+ 1½	14.0	+ 2	14.5
LEICESTER BUILDING SOCIETY				
Up to 15,000	nil	12.75	+ ½	13.25
15,000-20,000	+ ½	13.25	+ 1	13.75
20,000-30,000	+ 1	13.75	+ 1½	14.25
30,000-35,000	+ 1½	14.25	+ 2	14.75
Over 35,000	+ 2	14.75	+ 2½	15.25
(min)	(min)	(min)	(min)	(min)

WHAT THE BANKS ARE DOING

	Basic rate	Endowment differential	Endowment rate
National Westminster	12.75	+ ½	13.25
Midland	13.5	+ 1	14.5
Barclays	13.0	+ 1	14.0
Lloyds	13.25	+ 1	14.25

more for larger loans—although Barclays has started doing so and others may in the future—this makes a National Westminster loan attractive at the top end of the market. Barclays is the next best at 13 per cent but it charges 1 per cent more for larger mortgages at the managers' "discretion."

Lloyds Bank has increased its rate to 13.25 per cent and Midland to 13.5 per cent, making it the most expensive of the banks. But assuming they have mortgage funds available they still compare favourably with most building societies for mortgages of over £30,000.

Banks do, however, charge a higher differential of 1 per cent for endowment mortgages, compared with the ½ per cent generally charged by the building societies. This includes the Abbey National which has just quietly increased its endowment differential from a ½ per cent to 1 per cent.

● Dudley Building Society has withdrawn its Anniversary Account which was recommended on these pages in last Saturday's edition of the Financial Times. Next week we shall be looking at the building societies' new investment rates.

Margaret Hughes

Just when you expected a rest . . .

CHRISTINE STOPP discusses some of the financial decisions that have to be made on retirement

Tax and the Family

ON RETIREMENT, most people look forward to a quiet life. But at least as far as their personal finances are concerned, life usually becomes much more complicated than before.

A typical pensioner who has been a member of an occupational scheme will have at least two sources of income: the state pension and a pension from his job. In fact, pensioners often have income from a number of different sources: there may be pensions from more than one job, an armed forces pension, and more than one type of investment income.

In view of the Inland Revenue's well publicised error rate, even where only one source of income is concerned pensioners must keep an eye on their affairs to make sure they are being taxed correctly or should get someone else to do it for them.

A retired person will usually

have to fill in a tax return every year to draw all the different forms of income together. If income is above the limit where age allowance begins to be reduced, the Revenue will make an estimate of the likely total before the start of the tax year, based on pensions and investment interest for the year before.

The estimated code will be operated, and adjusted either in November, when the state pension is increased, or at the end of the year. If the adjustment is large, it will be made gradually through the following year's tax code.

The tax code is operated under the Pay As You Earn system through the occupational pension. This means that tax on the whole of your income

may be deducted from only one portion of it, and it may appear as though a disproportionate amount of tax is being taken.

Where a pensioner's income consists only of the state pension and interest from investments, there will be no segment of income on which a PAYE code can be operated. In this case, you have to pay tax directly in quarterly instalments. The Revenue will consider a different arrangement—for example, monthly payments—if a pensioner finds quarterly demands hard to cope with. Building society interest comes with the basic rate of tax paid, and bank interest will also be taxed at the basic rate at source from April 6, 1985.

The state pension depends on the national insurance contributions a person has made during his or her working life. To qualify for the full pension, full contributions must have been made for most of a working life. This means that a wife is far less likely to have a full record of contributions than her husband.

If her state pension would be small, smaller than what is called the dependant's addition to her husband's pension—that is, if she would get a bigger pension on her own contributions than on her own she can choose the larger pension of the two.

The current annual married rate for the state pension is £2,834, or £1,771 for a single person. Therefore, if a husband has a full record of contributions, the couple would currently be better off getting the married rate of pension if the wife's own pension was not more than £1,063 a year. If both husband and wife have made sufficient contributions to qualify for a full single person's pension, they will be better off by £708 than a couple on the married rate.

If the wife retires first and qualifies for a small pension in her own right, the Department of Health and Social Security should top it up automatically once her husband retires, if she would be better off with a pension based on his contributions.

Since she can collect the higher rate of pension, there is no gain in gross income for a married woman with a limited contributions record. However, there is a tax advantage. When she has pension rights of her own, though small, she is entitled to claim the wife's earned income allowance to set against them. She can still claim the allowance even if she is getting a higher pension based on her husband's contributions, though if that is the case she will only get the allowance on the amount of pension corresponding to her own entitlement.

The current rate of age allowance is £2,490 (single) or £3,955 (married), and it can be claimed from the year in which the individual's 65th birthday falls. With married couples, only one partner needs to satisfy the age requirement. Currently the allowance begins to be reduced by £2 for each £3 of income over £8,100. There is, therefore, a fallback to ordinary allowance levels, once income reaches £9,300 for a married couple or £5,828 for a single person.

In the income band where the allowance is reduced, additional income suffers an effective marginal tax rate of 50 per cent. This is shown in the example, where the married couple in (1) are at the limit where they still get the full age allowance. Couple (2) have £900 of income over the limit, on which they pay exactly 50 per cent tax.

At the age allowance "danger zone," small changes in investments can make a worthwhile difference. Building society investments should be avoided, because the interest is grossed up before being counted towards age allowance.

Tax-free National Savings Certificates are a useful alternative, though with the recent hike in interest rates the canny investor will hang fire until the Government comes up with a new and more attractive issue. National Savings Certificates are designed as a five-year investment, but if the pensioner still needs income, there is a way round the problem. After one year (the minimum period you have to hold the certificates to get any interest) a number of certificates are cashed in, then again after the second year, and so on.

Any system which turns

income into capital gain is useful for keeping taxable income down to retain the age allowance. This includes selling gilts shortly before the dividend is payable or progressively realising tranches of a share or unit trust portfolio within the CGT exempt limit.

Where income is well below the age allowance the deed of covenant, better known in its grandparents-to-grandchildren guise, should not be forgotten. It can be used from children to elderly parents in exactly the same way. If a widowed parent over 65 gets only the state pension (£1,771), he or she will have £719 in "spare" allowances. A son or daughter could covenant £503.30 (£719 x 70 per cent) and the difference could be reclaimed by the pensioner from the taxman, providing a 40 per cent addition to income while remaining within the tax-free bracket.

EXAMPLE

	The high penalty of lost age allowance		
Income	£ 8,100	Income over £8,100	£ 9,000
		=£900. So allowance reduced by £400 x ½	
		=£200. Hence:	
Age allowance	3,955	Age allowance	3,755
Taxable income	4,145	(£3,955 - £200)	
Tax at 30%	1,243.50	Taxable income	5,445
		Tax at 30%	1,633.50
Net income	2,901.50	Net income	3,811.50
Tax in case (2)		1,693.50	
less tax in case (1)		1,234.50	
Extra tax paid on £900		459.00	

Portfolios around £200,000 need

The Henderson Factor.

Henderson understands the special problems of looking after larger investment portfolios. All our clients benefit from what has been called the Henderson Factor—an ideal combination of performance and personal service.

For full details of Henderson's investment management services for the larger portfolio, please contact David Browne or Alan Topley at Henderson Financial Management Limited, 26 Finsbury Square, London EC2A 1DA. Telephone: 01-638 5757.

Henderson. The Investment Managers.

The Second Lazard Development Capital Fund

Established under the Business Expansion Scheme

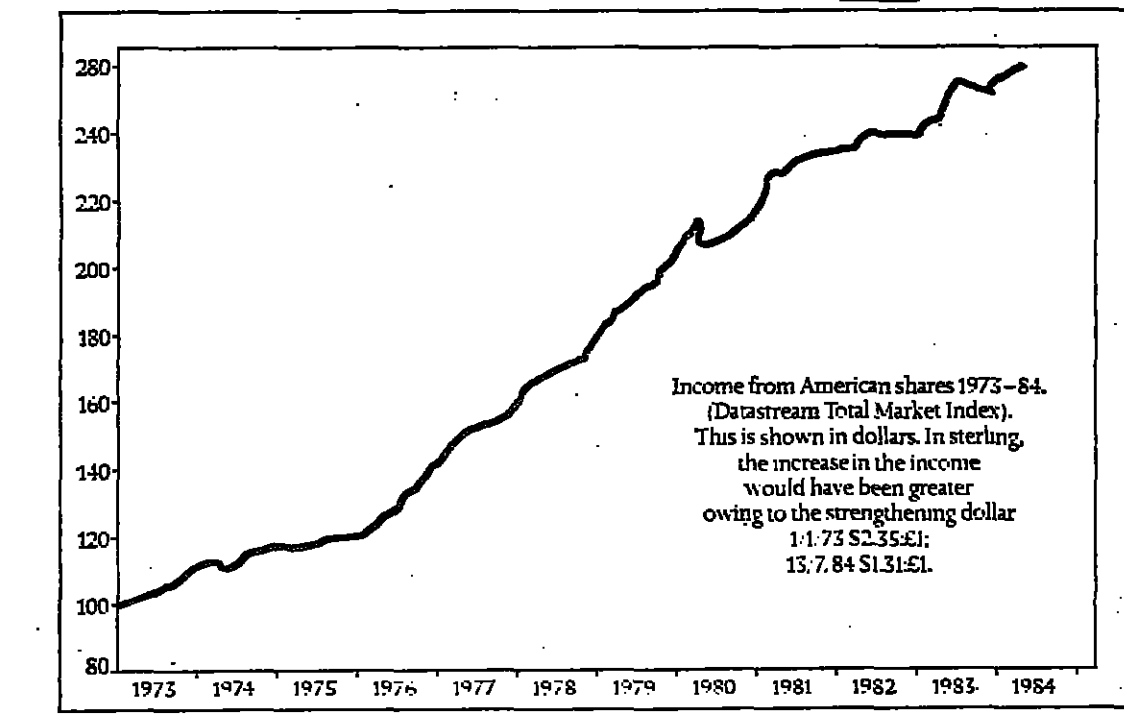
The Fund's investment policy and the tax concessions of the Business Expansion Scheme together provide an outstanding investment opportunity for higher rate tax payers. Whilst there are risks associated with the investment in unquoted companies, there is also the potential to realise higher rewards. Minimum subscription £3,000—maximum subscription £40,000.

Applications should be received by 31st JULY, 1984. The list will close earlier if fully subscribed.

For a copy of the memorandum on the basis of which alone applications can be made, please telephone:-

Lazard Brothers & Co., Limited
21 Moorfields, London EC2P 2HT
Telephone 01-588 2721

Earn top bucks.



THE NEW AMERICAN INCOME TRUST

"America's economy is continuing to grow much faster than almost anyone expected."

That was the Observer's verdict on last month's "extraordinary" economic statistics from the States.

Bad news if you want to take a holiday there, great news if you have sent your money instead.

"Corporate profit figures, just revised sharply upwards, dramatically understate the true after-tax return on investment for most companies."

The Observer again, joining the growing band of Wall Street watchers who now agree that, if you're looking for a high income investment, rarely has there been a better time to invest in the United States.

And never has the Exchequer been so helpful.

A LESS TAXING TIME.

By changing the rates of corporation tax in his budget, the Chancellor has made authorised Unit Trusts investing abroad for a high income much more attractive.

The rate was cut from 52% (financial year 1982) to 45% (financial year 1984), with further cuts, to 35%, promised by 1986.

It is to take advantage of these changes that we at Allied Unit Trusts are launching the American Income Trust. Managed by a highly skilled team

led by Dr. John Gurney (one of the top names in U.S. fund management), its aim is to provide high and growing income.

We shall invest in a broad spread of American equities and convertibles providing an above average income return and having good prospects for increasing dividend payments in the future.

You can also invest in the new American Income Trust through the Allied Monthly Income Portfolio.

ABOUT ALLIED.

At home, we are the third biggest Unit Trust Company with funds under management in excess of £1,000m.

In 1983 we took in more new money than any other Unit Trust Company. And we've been established fifty years.

Abroad, we have £120m already invested in the US alone. Our Securities of America Trust has grown to £86.6m since its launch in 1968 and frequently appears as a sector leader in the financial press.

Our American Special Situations Trust consistently performs above its sector average and has grown to £31.1m in only eighteen months since its launch.

We are more than confident that the Allied American Income Trust will perform just as well.

- ### WHAT YOU NEED TO KNOW
- Unit prices and yields are quoted daily in the national press.
 - Remember that the price of units, and the income from them, may go down as well as up.
 - The Trust is authorised by the Secretary of State for Trade and Industry and is constituted by a Trust Deed. It is a "Wider-Range" investment under the Trustee Investments Act 1961.
 - At the offer price of 25.0p the gross estimated starting yield is 5%.
 - Net income is distributed half-yearly on 25 March and 25 September. The next distribution will be on 25 March 1985. A yearly fee of 1% (plus VAT) of the value of the Fund is deducted from gross income to meet management expenses (including the Trustee's fee). The Trust Deed permits a maximum annual charge of 1.25% (plus VAT).
 - The Trust Deed empowers the Managers to include an initial service charge of 5% in the offer price, out of which remuneration is paid to qualified intermediaries; rates are available on request.
 - On any business day you may sell all or part of your unholding back to the Managers at not less than the bid price, calculated using a formula approved by the Department of Trade and Industry, ruling on receipt of your instructions. You will be sent a cheque in settlement within 7 business days of receipt by the Managers of your renounced Unit Certificate.
 - Managers: Allied Unit Trusts Limited (Member of the Unit Trust Association), Allied Hambro House, Rayleigh Road, Hutton, Brentwood, Essex CM13 1AA. Telephone Brentwood (0277) 229123. Trustee: The Royal Bank of Scotland London Trustee Company.
 - Applications will be acknowledged on receipt and Certificates will be posted approximately 6 weeks later.
 - This offer is not available to residents of the Republic of Ireland.
- FIXED PRICE OFFER**
- There is a special introductory offer on the American Income Trust up to August 4th 1984 whereby units are available at the fixed price offer of 25p. After the close of the offer, units will be available at the offer price and yield quoted daily in the press.

ALLIED UNIT TRUSTS

Application for units in Allied American Income Trust.

To: Allied Unit Trusts Ltd., Allied Hambro House, Rayleigh Rd., Hutton, Brentwood, Essex CM13 1AA. Tel: Brentwood (0277) 214459.

Registered in England No. 285988. Registered Office: Allied Hambro Centre, 5, London St. 1EL.

I/We wish to invest £ (minimum £250 for new investors) in the Allied American Income Trust.

A cheque is enclosed made payable to Allied Unit Trusts Ltd.

I/We require income to be re-invested (tick box if applicable).

I/We declare that I am/we are over 18

Signature(s) _____ Date _____

(In the case of joint applicants all must sign). Please send contract note to: (Capitals please)

Surname (Mr/Mrs/Miss) _____

Forename(s) _____

Address _____

Please send me your leaflet on the Monthly Income Portfolio YES NO

ALLIED HAMBRO
FINANCIAL MANAGEMENT

YOUR SAVINGS AND INVESTMENTS

CAPITAL TRANSFER TAX

The dangers of living to 105

CLIVE WOLMAN looks at a possible threat from the taxman to your wealth

YOU MAY be nursing the ambition of living to the age of 105.

But tell that to the men from the Inland Revenue and they will probably suspect you've got a tax dodge up your sleeve. The Revenue's Capital Taxes Office apparently believes that your chances of reaching 105 are so remote that it is denying approval to mass-market a tax avoidance scheme which has so far attracted nearly £400m of individuals' wealth. The scheme depends on a life assurance policy which matures only if you reach your 105th birthday.

The taxman's refusal to approve at least two versions of the scheme submitted by Royal Life and Save and Prosper in the past six months has cast doubt on the efficacy of most of the off-the-peg plans to avoid capital transfer tax.

The possibilities for handing on your wealth to your children and grandchildren without giving them a cur are in danger of being drastically curtailed.

The difficulty is caused by a clampdown on artificial tax avoidance schemes initiated by the House of Lords in a series of judicial rulings culminating in a case in February. The Inland Revenue is now giving indications that it will be applying the principles of the judgments against CTT avoidance schemes.

In the good old days of estate duty, life was simple—at least it was if it went on for at least seven years after you had passed on most of your wealth or put it into a discretionary trust controlled by yourself. Then you could avoid paying

the duty no matter how valuable the estate.

Insurance companies would even allow you to take out a policy to cover the risk that you might die before the seven years were up.

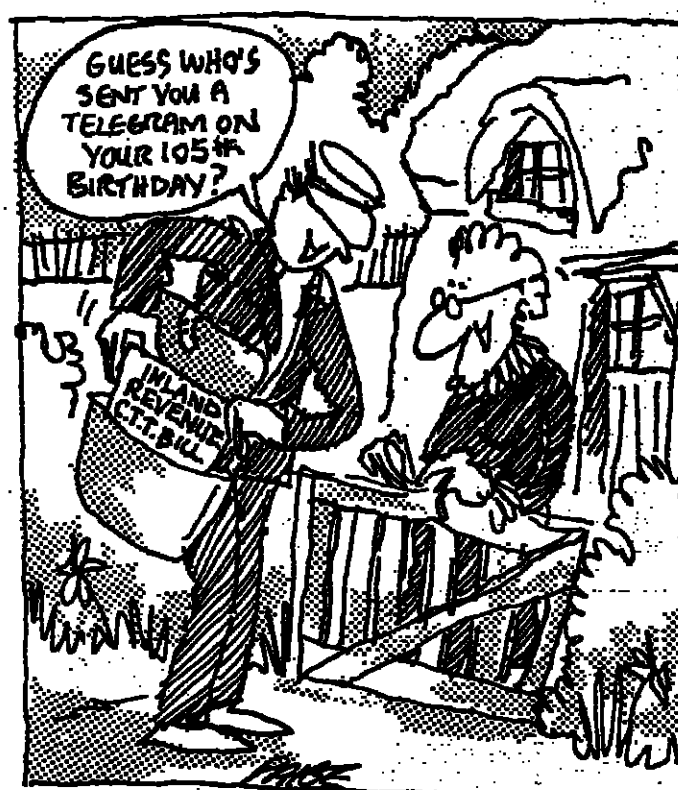
Capital transfer tax was designed to block up this loophole by taxing large gifts made at any stage in life. But the legislation has allowed for so many exemptions that if your age is on the right side of 55 and your wealth on the wrong side of £1m, you should be able to avoid the tax completely.

The trouble is that you may have to start giving away large chunks of your wealth immediately to make use of the exemptions. These allow you to give away tax-free £64,000 every 10 years plus a further £3,000 every year.

However, particularly over the last three years, several types of tax avoidance scheme have sprung up. Their common objective is to allow you to appear to be making gifts of your wealth, exploiting the exemptions to the full. But in fact you can continue to draw an income from the assets you are supposed to have given away—and can change your mind about who should ultimately receive your wealth.

The scheme which appears to be most vulnerable is one marketed by four insurance companies. It received Inland Revenue approval before the present freeze. These are Legal and General, Merchant Investors, Property Growth Assurance and Trident Life. You "give away" your assets immediately but only by putting them into a trust which you effectively control.

However you continue to receive the income from the assets, which substantially reduces the value of the gift for tax purposes. The younger and healthier you are and the longer you can expect to live, the more the gift will be dis-



and thus less vulnerable. But not completely.

In most versions the donor makes only a tiny "gift" to a trust controlled by himself but tops that up with an interest-free loan. The loan is then invested and all the returns accrue to the trust outside the donor's estate. After about 20 years, the loan is repaid, but without interest. This leaves the donor's CTT exemptions intact to be used to make other, straightforward gifts.

The loan to the trust may be considered a genuine act of benevolence by the donor to the beneficiaries of the trust (typically his children)—and not made to avoid tax. The only artificial part is the fact that it is interest-free.

The Inland Revenue may consider that the donor in fact intends to make a gift of all the income or returns to be derived from investing his loan over, say, 20 years. But he achieves this by inserting a step, the interest-free loan, which is designed purely to dress up the gift as a non-gift for CTT purposes and thus avoid tax.

counted. The aim will normally be to reduce its value to below the £64,000 exemption level.

If you survive 10 years, your estate is wiped clean and you can make another £64,000 gift tax-free (plus £3,000 worth of gifts each year).

Normally, a gift of capital where the donor retains the right to the income does not count as a genuine gift for CTT purposes. Instead, the assets would continue to be included in the donor's estate until his death.

The "discounted gift" schemes however are designed to side-step this provision. They do so by combining two artificial life assurance policies which, individually, no self-respecting actuary would touch with an elongated slide-rule.

It seems likely that it is this feature of the scheme that the taxman regards as vulnerable to the House of Lords' judgement. This stated that in a composite transaction, any step inserted purely for the purpose of avoiding tax can be disregarded.

It would be difficult for the unfortunate clients of these schemes to claim that they had taken out a life assurance policy which paid out only if they lived to 105 because they thought it a good deal.

The truth is that if they were to survive to 105, they would be given a large CTT bill for their efforts.

However, those who have already invested in such a scheme may escape the wrath of the taxman as the Government has given assurances that the principles of the court ruling will not be applied retrospectively in most circumstances.

But you should be careful not to tinker around with the trust powers too much, for example by changing the ultimate beneficiaries of your gift, as this may vitiate the Inland Revenue's inhibitions against applying the principle retrospectively.

The other popular CTT avoidance scheme, usually called the inheritance trust, is less transparently artificial

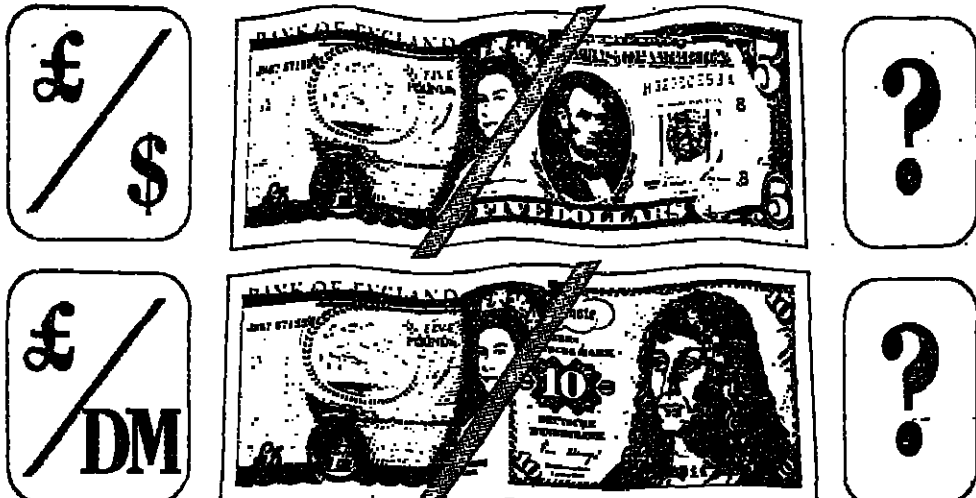
Thus all the returns from investing the loan could be deemed to be a taxable gift, undermining the whole purpose of the scheme. As the scheme, to be fully effective, needs to last for 15 to 20 years, clients may not be protected fully by the inhibitions against applying the new principle of tax law retrospectively.

Robert Venables, a barrister who specialises in tax law, is sceptical about the chances of the Inland Revenue winning such arguments against either CTT scheme. The loan in the inheritance trust has been made in reality, he says, and it cannot just be disregarded as though it never existed.

Moreover, the returns from investing the loan cannot be considered a genuine gift as the loan can be recalled at any time by the donor.

As far as the discounted gift scheme is concerned, however, Venables does admit a doubt. "For people who want to play it absolutely safe and be free of hassles," he says, "there must be a question-mark over the schemes."

Which one?



With floating exchange rates the volatility of currency values has dramatically increased over the years. At the same time, the daily trading volume in the world's currency markets is 15 to 20 times greater than that of the world's stock markets.

This volatility and depth of the market can generate substantial returns if properly exploited. But the skills and resources needed to benefit from these opportunities are normally beyond the reach of individual investors.

The European Banking Traded Currency Fund

The Fund provides investors with access to the currency markets, under professional guidance, and aims to produce significant returns from skilled currency management, daily dealing results and wholesale interest rates.

The advertisement has been published by European Banking Company Limited, an exempt dealer.

In addition to seeking medium term currency gains the Fund has a distinct feature whereby up to 25% of its assets are traded daily on a spot basis in the foreign exchange markets.

This allows the exploitation of the enormous potential of the world currency markets whilst retaining maximum flexibility on the Fund's assets. Positions on the trading element are closed out daily, so dealing starts again each day.

The Manager

The Fund is managed by EBC Trust Company (Jersey) Limited. EBC Trust is a subsidiary of European Banking Company Limited, which in turn is Investment Advisor to the Manager. EBC is a merchant bank well-known in the City of London for currency trading in the major sectors of the foreign exchange markets.

The European Banking Traded Currency Fund Limited

To: J.V. Hudleston, EBC Trust Company (Jersey) Limited, EBC House, 1-3 Seale Street, St Helier, Jersey, Channel Islands.

Please send me a copy of the Prospectus of The European Banking Traded Currency Fund Limited (on the terms of which alone applications will be considered).

Name _____
Address _____

Telephone (Office) _____
(Home) _____ Telex _____

Please telephone me to discuss the Fund

SAVE YOUR POUND



The current fall in sterling and wildly fluctuating exchange and interest rates has created uncertainty to holders of sterling. The need for professional management of currencies has never been greater.

Britannia Sterling Managed Currency Fund has been formed for investors who wish to protect the value of their sterling deposits against fluctuations with other international currencies. The graph shows how successful this policy has been.

£1000 invested when the fund started on 12th September 1980 has grown to £1843.00 (16th July 1984) of which £389.00 has been distributed as income.

This represents a total return of 84.0% in less than four years by investing *only* in different currencies.

PERFORMANCE RECORD Valued at 16th July 1984.

Investment Date	Value at 16th July 1984	Income
£1,000 invested on 15/9/80	£1,843.00	£389.00
£1,000 invested on 15/9/81	£1,843.00	£389.00
£1,000 invested on 15/9/82	£1,843.00	£389.00
£1,000 invested on 15/9/83	£1,843.00	£389.00

THE BEST WAY TO INVEST — The Britannia Sterling Managed Currency Fund is a tax efficient way for U.K. investors with £1000 or more to invest in the world's leading currencies. The Inland Revenue has indicated that providing the Fund continues to distribute its available net income it should be able to obtain certification from the Inland Revenue as a distributing fund. Profits realised upon encashment of shares should not be taxed as income but should continue to be taxable as capital gain. Remember that the price of shares, and the income from them, can go down as well as up.

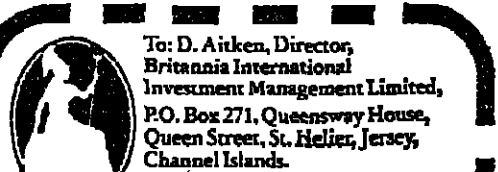
PORTFOLIO PROFILE at 16th July 1984

The fund invests only in international bank deposits. The portfolio as at 16th July 1984 was as follows:

Yen Deposits	36%
Deutschemark Deposits	33%
Dutch Guilder Deposits	14%
U.S. Dollar Deposits	7%
Sterling Deposits	10%
Total	100%

The current estimated income return is 5.5% a year.

FILL IN THE COUPON BELOW — and receive a detailed letter explaining the important features of the Fund, our latest Investment Report and the Fund's prospectus, including your APPLICATION FORM.



To: D. Aitken, Director, Britannia International Investment Management Limited, P.O. Box 271, Queensway House, Queen Street, St. Helier, Jersey, Channel Islands.

Please send me the prospectus for Britannia Sterling Managed Currency Fund Limited (on the terms of which alone applications will be considered).

Name _____
Address _____

Britannia Sterling Managed Currency Fund Limited

"A Distributing Currency Fund"

PO Box 271, Queensway House, Queen Street, St. Helier, Jersey, Channel Islands. Telephone: 053473114.

The new National Savings YEARLY PLAN

WHAT IT OFFERS

- You can build up a large sum for retirement or a major purchase.
- You can save with no fuss or bother by monthly standing order.
- You need only save for one year — or carry on if you want to.
- You will be offered a competitive and guaranteed return.
- You will earn all of your interest free of tax.

If you have between £20-£100 a month to save fill in the coupon and we will send you full details and an application form.



To: FREEPOST National Savings, Yearly Plan, Durham DH991BT.

M _____

Address _____

Postcode _____

TSB TRUSTCARD

Interest Rate Increase

Following the general upward movement in interest rates, it has become necessary to increase the Trustcard interest rate from 1.75% to 2% per month. Interest at the new rate will appear first on statements dated on or after 23rd August 1984. The cash advance service charge remains unaltered at 1 1/2% of the amount taken.

The Annual Percentage Rate of Charge (APR) has increased to 26.8% for purchases and, typically, for cash advances is 27.2%.

Condition 5 of the Trustcard Conditions of Use is amended accordingly. For further information, call at any TSB branch or write to the Trustcard Centre, Marefair, Northampton NN1 1TS.

TSB TRUSTCARD LIMITED

TSB Trustcard Limited, Registered in England & Wales No. 1365134. Registered Office: 93/94 Queens Road, Brighton BN1 3XE. A member of the TSB Group. Ultimate holding company: Trustee Savings Banks (Holdings) Limited.

YOUR SAVINGS AND INVESTMENTS

NATIONAL SAVINGS

Should Harry and Pru cash in?

DINA THOMSON discusses the investor's position after the rise in interest rates

HARRY BRITAIN is the sort of client they like in the National Savings Department. Self-employed since 1947 after coming out of the air force, he is now 63 and has almost £40,000 invested in National Savings Certificates (non-index linked), alone.

The same amount (£40,000) is invested for his wife, Prudence, and together they also hold index-linked certificates.

Both Harry and Prudence work, they are taxed separately and each is a 45 per cent rate taxpayer. Their National Savings Certificates go back to January 5, 1967 in the 12th issue.

In the wake of this month's hike in interest rates after more than two years of stability, the Britains and savers like them are faced with the choice of whether or not to cash in their National Savings Certificates.

Money freed by cashing in certificates could be reinvested in a new 28th issue of Savings Certificates which was announced yesterday.

The 28th issue, which goes on sale from August 8, will offer tax-free returns of 8.0 per cent if held for five years. This is similar to the return Harry Britain could expect from buying short-dated low coupon gilts—and is a 1.75 per cent improvement on the 27th issue which is to be suspended.

National Savings Certificates have the appeal of providing tax-free income. But as they offer a fixed, guaranteed initial return, a jump in interest rates can undermine their attractions and make it worth taking a closer look at the alternatives.

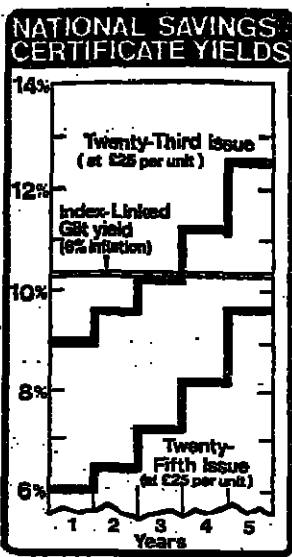
The returns on both index-linked "granny bonds" and certificates are weighted towards the fifth year. This is a considerable disincentive to cashing them in before the five years are up. Cashing in either certificates or "granny bonds" in the first year for example, results in a loss of all interest.

But certificates, issued more than six years ago, since past the pre-determined time-frame during which they earn fixed rates of interest—move onto a common extension term, which offers a rate of interest that is set by the Treasury.

Mr Smith's 12th issue certificate, bought on May 10, 1967 on a fixed extension term of 17 years, with a compound rate of 7.84 per cent over years 12 to 15, is now earning the current common rate of interest of a mere 6.84 per cent.

Yesterday, however, the Department for National Savings announced that this rate would be increased for most old certificates to 8.52 per cent from August 1. This will, however, still be below the rate on the new 28th issue.

Other, later issue certificates pose greater complexities of assessment. Mr Smith's 19th



issue certificate worth £1,500, bought on February 4, 1980, is now earning 13.25 per cent in its fourth year, and will earn a startling 15.96 per cent in its fifth. The compound rate of interest over the five years will have been 10.33 per cent.

Both the 19th and the 23rd issues are particularly attractive at the moment. While money invested on the first day possible—November 9, 1981—in the 23rd issue would now be earning 10.25 per cent, the Treasury 2 per cent '88 index-linked gilt might offer Mr Smith, as a 45 per cent rate taxpayer, a slightly higher yield.

Assuming inflation averaging 6 per cent, an average tax-free capital gain of 9.25 per cent plus 2 per cent (worth 1.1 per cent to a 45 per cent rate taxpayer), works out to 10.35 per cent.

Keen Seager of Whitechurch Securities suggests that Treasury 2 per cent 1988 is a particularly strong competition to National Savings Certificates as its period to redemption of four years is close to the five years wait for the pay-off from savings certificates. But there is an important difference: the money does not have to be left tied up for the full four years in fear of a penalty on withdrawal, as the gilts can be sold at any time.

Low coupon conventional stocks may be an attractive alternative, particularly if inflation remains low—Exchequer 2½ per cent 1987 offers a net redemption yield of 8.50 per cent to the 45 per cent rate taxpayer, for example. Simon Corker of stockbrokers Phillips and Drew, suggests that a higher return can be achieved by buying ex-dividend gilts and then avoiding the third dividend by selling it 18 months later.

Mr Smith's investments in National Savings Certificates most recent 25th, 26th and 27th issues—in particular are crying out for a comparison with gilts.

The 25th issue, launched on November 17 1982, offers just 8.48 per cent in the second year of its life. The investor may be getting better rates of return on the 26th issue, launched in August last year.

But its return over five years of 8.26 per cent is still slightly below the returns on gilts—possibly the difference is not worth the trouble of switching. The 27th issue, still in its infancy, offers just 5.28 per cent at the end of the first year, and nothing until then. You should cash it in now without any interest and cut your losses.

• "Harry Britain" represents an FT reader of a different name.

Offshore Funds

LUCY KELLAWAY looks at the choices facing offshore investors

OFFSHORE CURRENCY funds are alive and kicking in spite of the Inland Revenue's New Year raid on the roll up funds. From January '81 rolled up gains became taxable as income, regardless of their source.

This was a complete about turn—not only did it mean that interest income could no longer pass as capital gain, but that genuine capital gains from currency appreciation suddenly became taxable as income.

Old hands at the currency fund management game acted quickly to get "distributor" status from the Revenue. So long as they paid out 35 per cent of their income, remaining capital gains were once again taxable as such.

N. M. Rothschild, Prudential Portfolio Managers and Guinness Mahon all took this route and set up distributor funds alongside their existing funds. So more recently has Hambros bank.

The merchant bank J. Henry Schroder Wagg has two offshore currency funds. One, a distributor fund in Guernsey, is professionally managed. The other, in Jersey, is a roll-up fund where the client chooses his currency.

But distributor funds have yet to prove themselves the magic solution they seemed at first. Guinness Mahon admit to having been surprised that more of their UK investors in the established International Fund didn't switch to the new Distributor Fund.

The choice between the two kinds of currency fund is not clear cut even for a high taxpayer. If he invests in a fund that rolls up income, his tax liability is deferred until he sells the shares.

This will be attractive to anyone expecting to be in a lower tax bracket when they come to pay the tax. But for others who don't expect their tax bracket to change, the deferral is also important.

In effect, tax that is not actually paid out in any year is quietly earning money. Assuming an 18 per cent gross annual return and a 60 per cent tax rate, over a five-year period an average net return of 10.4 per cent if tax is paid each year, compares unfavourably with a return of 11.8 per cent if tax is not paid until the end of the period.

A further problem with distributor funds is that investors wanting income aren't likely to be in a currency fund anyway—but in a high yielding gilt fund instead. And simply reinvesting income after the tax has been creamed off will not be attractive to anyone.

In retrospect, the relative unpopularity of distributor funds is not surprising. More surpris-

Funny foreign money games

MANAGED CURRENCY FUNDS (performance to June 1 1984)

Name	Size	Result of £1,000 invested after			
		3 years	2 years	1 year	January 1984 %
Britannia Manager Currency Fund	£22.9m	£1,626	£1,260	£1,094	2.4
EBC Traded Currency Fund	\$9.1m	—	—	—	5.1*
Guinness Mahon International Fund	£12.7m	£1,838	£1,472	£1,146	1.4
Hill Samuel Managed Currency Fund	£31.4m	—	—	£1,181	5.4
RBC International Currency Fund	\$10.8m	—	—	£1,034	1.9
Vanbrugh Currency Fund	£65.0m	£1,564	£1,296	£1,119	2.2

* From January 15 1984

Source: Money Management

ing is why, after an initial bloodbath, UK money is now trickling back into offshore currency funds.

Fund managers will tell you that currency funds were never intended as tax vehicles anyway. They started life with the lifting of exchange controls in 1979, and grew as investors saw the sense in spreading money over a range of currencies. Diversification means fewer risks as movements in both exchange and interest rates offset one another.

With the same breath they will point out that their fund goes a step further—it adds to total returns by making timely switches from one currency to another.

This sounds, and is, too good to be true. Every change in the mix of the portfolio may lead to losses just as much as to gains. Currencies are notoriously volatile and their swings notoriously difficult to predict.

(The accepted view that the

dollar must fall has so consistently been proved wrong that the mood is at last changing. No doubt just as more and more people declare themselves bulls, the dollar will begin its long awaited slide.)

Even so, the scale of exchange rate movements means that huge gains are there for those who get it right. Anyone foolhardy enough to suppose he can do it alone, should invest in straight currency deposit funds, where the wholesale interest rates earned are generally higher than an individual could get on his own.

He can then switch from one currency fund to another at his own choice. Both Rothschild and Guinness Mahon offer such schemes. They have a clear cost advantage over the managed funds, as they avoid the front end fee of about 3 to 5 per cent.

On the whole, however, amateurs are ill advised to go it alone. Forecasting exchange

rates is a game that is best left to the experts.

Clearly, investors in managed funds must expect the fund managers to be right more than half the time. Whether they actually are or not is hard to measure.

Of the five funds that have been around long enough to establish a track record, all have achieved more than a 10 per cent average annual return.

The best two, Guinness Mahon International Fund and Britannia Manager Currency Fund would have turned an investment of £1,000 three years ago into £1,838 and £1,626 now—eminently respectable, if unremarkable, performances. But many of the other, newer funds have done less well, often making large losses.

This cannot be said for the first new fund to add its name to the list since the plugging of the offshore tax loophole. The European Banking Traded Currency Fund launched in January has got off to a crack-

ing start. The fund is the first to offer investors a way into the \$100bn a day interbank foreign exchange market. Twenty-five per cent of its assets are traded actively on a daily basis although no positions are taken overnight. This forex trading doesn't tie up the fund's assets: any gains made are a pure extra to interest earned on the fund's investments.

EBC London, which is an experienced and well respected player in the London interbank market, is the investment adviser to the fund, although the actual trading takes place in Brussels. However, it shouldn't need underlining that no amount of experience guarantees profits in currency trading.

In the first three months the fund produced an annual return of just over 20 per cent. Of this, only 1.5 per cent came from currency trading. Most of the return resulted from a currency gain on the fund's investment, which the managers themselves seem to regard as fairly atypical.

Aided by a stamp of approval from Legal and General, who are marketing it, the fund has grown since January to about \$12m. About half of that comes from UK residents. For this fund, the decision not to get distributor status was straightforward—profits from trading count as income and would have to be distributed.)

The minimum investment in the fund is \$1,000. There is an initial charge of 3 per cent followed by a 2 per cent annual management fee.

Next week: Sterling deposit funds.

Personal pensions plan unveiled

(Financial Times 17th July 1984)

Fowler sets out plans for portable pensions

(The Times 17th July 1984)

FOWLER PLANS DIY PENSIONS

(Daily Telegraph 17th July 1984)

Look to Save & Prosper for Britain's leading personal pension plan NOW

Anticipating the new freedom promised by Norman Fowler's Consultative Document on Personal Pensions, our Personal Retirement Account already provides maximum flexibility and control over pension arrangements. Quite simply it means that you can, without waiting for new legislation:

- * Choose where to invest your money from Save & Prosper's comprehensive range of tax-exempt pension funds.
- * Have your own personal retirement account Your money is invested in your personal retirement account to build a pension based on the performance of the investment fund.
- * Take your retirement account with you when you move jobs without any penalties or need to negotiate a transfer value with your employer.
- * Change your employment status without penalty The unique feature of the Personal Retirement Account is that we have eliminated all charges when you change your employment status, for example from being employed to self-employed and vice versa.
- * Watch your money working for you thanks to the statements which we automatically send you each year.

Why has Save & Prosper taken the initiative in offering the flexibility of the Personal Retirement Account ahead of legislation now promised by the Government? Because we believe that the Government means what it says in the Consultative Document—and because we believe that everyone should grasp this pensions opportunity with both hands as soon as possible.

Check whether you qualify for the Personal Retirement Account

If you can tick just one YES box, our Personal Retirement Account can meet your retirement needs.

Are you self-employed?	YES <input type="checkbox"/>	NO <input type="checkbox"/>
Are you in a job without a pension scheme?	<input type="checkbox"/>	<input type="checkbox"/>
Are you a controlling director?	<input type="checkbox"/>	<input type="checkbox"/>
Are you in a pension scheme which allows you to make top-up contributions?	<input type="checkbox"/>	<input type="checkbox"/>
If you are already a member of a company pension scheme, do you have outside earnings?	<input type="checkbox"/>	<input type="checkbox"/>

SEND FOR YOUR PERSONAL QUOTATION NOW!

To: Save & Prosper Group, Mrs S. Caplan, Customer Services, Hexagon House, 28 Western Road, Romford RM1 3LB.

Please send me further details of the Save & Prosper Personal Retirement Account, together with a personal quotation.

Name Name of professional adviser (if any)

Address

Postcode Address

Tel. No. (home)

(business)

Age last birthday

Job status self-employed employed Postcode



To everyone who has changed job

Frozen Pension?

Increase your pension by up to 300%!

No longer need you suffer from a "frozen" pension when you change jobs. It is now possible to transfer the current value to an independent insurance company which specialises in enhancing the value of your frozen fund — YOUR PENSION COULD BE IMPROVED BY AS MUCH AS 300%!

Age next birthday	Transfer Value	Potential annual pension at age 65 (male)
35	£5,000	£28,770 p.a.
45	£10,000	£23,781 p.a.
55	£15,000	£9,193 p.a.

Ask us for more details NOW — EVEN IF YOU HAVE ALREADY CHANGED JOBS.

Ask Towry Law
Established over 25 years • Specialists in Pension Planning

I am interested. Please tell me more. **PENSION UPLIFT**

Name

Address

Towry Law & Co Ltd

Licensed Dealers in Securities. Members of British Insurance Brokers' Association
Head Office: Towry Law House, High Street, WINDSOR SL4 1LZ
Telephone: From London 05 8234. From elsewhere 07535 8234.
Also in LONDON, EDINBURGH, LEEDS. FT 3784

105

ew Savings
RILY
AN
FFERS

STCARD
increase

TRAVEL

China opens its doors—carefully

By JULIAN BOWDEN

BUREAUCRATIC constraints on independent travel in China were eased a year ago when the Chinese authorities announced that henceforth 29 major cities would be "open."

It quickly emerged that the new system for dealing with individual visitors created—not surprising given this was the first "open" summer. Yet things worked.

Getting around Beijing proved straightforward, even without a knowledge of Chinese. Taxis are cheap, or bicycles could be hired (many had the brand name "Flying Pigeon").

Peking abounds in historical sites and they can all be reached by bus. They all have a nominal entry charge of 1d or so, and are always crowded.



Visitors to the Great Wall at Badaling, about 40 miles from Peking

and pavilions, which was the home of Ming and Qing Emperors for five centuries. Despite the looting of past invaders, much remains. One small building contained a large collection of ornate clocks, many of English manufacture, presented to Emperors as gifts.

The Great Wall is probably at the top of everyone's itinerary for it is the architectural symbol of China.

From Beijing you can go by train but a more satisfactory way is by coach. Right by the CITIS office is the booking office. It opens at 7.00 and it is important to get there early to book for the next day.

denly there is the Badaling coach park and tourist shops (look out for the Great Wall Antiques Store). The Wall stretches out and away from both sides of the road. It has been restored for some distance but there is time to walk or rather clamber, beyond the restored sections on to more ruined parts.

Although it seemed other visitors had problems in booking plane and train tickets, we experienced no difficulty. Train tickets could be booked from an office adjacent to the CITIS office in Caangwanmen one day and collected two days later.

Canton cost 60 yuan, for example.

Trains provide a marvellous view of rural life as they amble across the countryside. If you are lucky—and we were once—you'll be pulled by a steam engine. The only steam locomotive factory in the world is at Datong about 200 miles west of Beijing, and it is open for visitors.

Independent travel in China has some disadvantages. Group travel will enable you to tick off more sights per day—it will not be necessary to book, queue, plan and deal with the unexpected—yet it will detach you from the Chinese.

Arthur Sandles writes: Timings and prices in the above article were those experienced last summer. China is still encouraging independent visitors, but it is not a question of renting a car and drive in. Hotels are still in short supply and you cannot just pitch a tent.

When you apply for your visa you will have to say where you are going. Be patient. The Chinese are feeling their way with tourism and do not have the resources that other nations, even under-developed ones, have in booking systems or bed capacity.

If you are keen to go the unquestioned first stop is a bookshop for The China Guidebook which offers an enormous range of information, including details of independent travel.

Voyages Jules Verne, of Glentworth Street, London, W1, have been the UK's Chinese tour pioneers and the London office of CITIS is in the same street. Progressive Tours, For CAAC office near the Overseas Chinese Hotel.

British Airways has flights to Beijing, British Caledonian, Cathay Pacific and BA fly from London to Hong Kong, a destination recommended for recuperation and shopping after the excitement of mainland China. Fares vary from time of year, class and length of stay.

Settle in danger

"ENGLAND'S Greatest Historical Scenic Route" boasts British Rail's publicity for the spectacular 70 miles of railway between Settle in Yorkshire and Carlisle in Cumbria. And so it is. Yet if BR has its way, the line will be closed by next summer.

Running through some of England's most rugged and sparsely populated scenery, from the edge of Bronte Country to the gateway to Scotland and the Lake District, the line clammers up to a height of 1,170 feet. As the train thunders across 10 viaducts and through almost as many tunnels on its most dramatic 40-mile stretch, an ever-changing vista unfolds: one moment a near-vertical view up past hill-clinging sheep to the top of a fell, the next a breathtakingly sheer drop across the head of a dale, with broom-studded moorland stretching away towards rows of distant hills.

It is the very audacity of the line's situation which is tempting to cause its downfall—almost literally. Having neglected for several years to carry out major repairs to the great 24-arch Ribbleshead Viaduct and other key structures, and having diverted all but a handful of trains on to other routes, BR has issued a formal closure notice on the line. It claims that 500,000 pounds spent on Ribbleshead alone, and that even then the line would lose £1.5m a year.

Mindful of the line's obvious attractions to tourists, BR itself has organised various day excursions on normal diesel trains, and at weekends a special "Dales Rail" service operates, calling at several points to pick up and set down hikers. But to capture the full historical flavour of the line one needs to catch one of the privately-operated, steam-hauled "Cumbrian Mountain Expresses" which run on Thursdays until late September (there is an extra trip on August Bank Holiday Monday). Starting from London Euston at 8.20, the train picks up at four stations on its way north, returning at 22.00.

BR offices provide details of its own services, and those of Dales Rail (also by post, with SAE, from West Yorkshire PTE, Metro House, West Parade, Wakefield WF1 1NS), "Cumbrian Mountain Express" details from SLO Marketing, 104 Birmingham Road, Littlefield, Staffs WS14 9BW. Tel 05432-54076

Christopher Lorenz

MOTORING



Four new Mitsubishi Colt hatchbacks arrived in the showrooms recently with a choice of two bodies and four engines. The three-door 1200 GL has a 1198 cc and the three- or five-door 1500 GLX a 1468 cc engine; the Colt Turbo is powered by a 1,597 cc engine producing no less than 123 horsepower for a claimed 120 mph maximum. And the 1800 GL diesel's engine is stronger on torque (pulling power) than high output but is still good for a shade over 90 mph with 50 mpg-plus consumption. All the cars have five-speed gearboxes, the unique two-range transmission with power and economy settings having been

dropped. Amusing though it was to have a theoretical choice of eight gears, three of them were so close together that it performed like a five-speeder anyway.

Prices are much the same as they were for the previous model and range from £4,749 for the 1200 GL to £7,749 for the 1800 Turbo. The 1800 diesel is £5,999 and the only automatic, a GLX, costs £6,199. Compared with rivals, and considering the full specifications, the new Colts appear reasonably priced. They all have tinted glass, split rear seats, laminated screens and (diesel apart) transistorised ignition. The diesel should be particularly smooth as it has

Mitsubishi's twin "Silent Shafts" to reduce vibration, which Porsche has been licensed to use on its 944 model. Colt thinks the diesel may well prove to be the best-seller.

The sharp styling contrasts with the rounded look of the first front-drive Colt hatchback and, come to that, with the new Lancer's curves. Mitsubishi has gone to a lot of trouble to smooth the airflow over and under the body and claims its drag coefficient is among the best in its class. The Turbo version has a rear spoiler and fillets on the lower body to make it slipperier still. Pictured: the 1500 GLX five-door.

Hatchbacks get hotter

THE HOT hatchbacks are proliferating in what has become the fastest-growing section of the market. But why do nearly all manufacturers assume that everyone buying a warmed-up version of a family car wants only two passenger doors?

I believe that demand for a five-door GTI-type hatchback would surprise some of the makers who now serve up only three door versions. And, incidentally, I also believe a small, luxuriously equipped, power-steered car with automatic transmission (think of a two-pedal Renault 5TX) would attract a lot of not very price-conscious customers whose journeys are short and nearly always in town.

But I digress. Last month, Lancia proved it was an honourable exception to my rule. Its Delta HF Turbo, claimed as the fastest 1600 cc hatch on the road, appeared with five doors. It has stiffened suspension, a 2F five-speed close ratio gearbox, Michelin TRX tyres on alloy wheels and matt black miniskirts under the sills. With 130 horsepower produced at 5,600 rpm and a close ratio gearbox, the HF Turbo is exceedingly lively — yet it is just as suitable as family or business

transport as the less potent naturally aspirated Delta from which it has been developed. Top speed is said to be 121 mph.

It has "bar graph" instrumentation, Recaro seats, sliding steel sunroof, central locking, electric front windows and headlamp wash/wipe in the executive pack version which costs £7,990. Doing without some of the goodies reduces the price of the standard HF Turbo to £7,250.

Lancia is the first to admit it went through a very bad patch a few years ago and it still has to live with the reputation it earned for negligible corro-

sion resistance. But now it is obsessed with product quality and inbuilt protection from the dreaded tin worm. The protective treatments applied at the factory are now the equal of those of any other manufacturer and better than some. Quite apart from the pricing, which is keen to say the least, Lancia is offering a special insurance scheme which, it says, means a Delta HF Turbo can be covered for less than a Ford Escort L8, despite its Group 7 rating. All round, the HF Turbo looks like a good bet for the hot hatch stakes.

World Cars 1984

As Wisden's is to cricketers, World Cars is to motoring correspondents. It is the most valuable reference book of its kind and I can't imagine life without it. The 1984 edition (published by Herald Books at £22.50) contains a detailed specification of every car in production in the world, however obscure. Electric cars—nearly 30 are listed, of all shapes and sizes:

there are several well informed background articles on car production in Europe, Japan and the U.S.; and a 40-page statistical section from which I list just one nugget of information—the world's cheapest car is the Suzuki Alto MS-B hatchback, £1,325 fob Tokyo. Who will be the first to try to bring one back as cabin baggage?

Residential Property

ISLE OF MAN In delightful rural surroundings with magnificent views and only 5 minutes from Douglas situated in the parish of Bradda, beautiful views, houses with ample garden area now available for immediate occupation. Low rates and low taxation. Prices from £42,000 to £69,000. B & B Construction Ltd. 3 City Palace Road, Douglas, Tel. No. (0624) 2454

MONTREUX NEW DEVELOPMENT 18 top quality flats for sale to foreigners. View over Lake Geneva, Quiet Central location. Financing at 6.5%. Contact owner direct: JB Immobilier SA rue de Bourg 17, Suisse 1201, Switzerland - Tel: 021/20 91 07 Telex: 24653 BAIL CH

AMERICAN EXECUTIVES seek Luxury Furnished Flats or Houses up to £500 per week. Usual fees required. Phillips Kay & Lewis 01-839 2245 Telex 27846 RESIDE G

FANTASTIC DORSET view. Superb single storey residence in 3 acres with hall, salon, dining annex, kit, 2 oil beds, bath, car port, £27,500. Harrods Estate Office 01-588 1490.

NEAR ARUNDEL West Sussex. Soundly constructed 2 1/2 acre plot with 12,000 sq ft with detailed planning permission in hand. Single detached house with garage. Auctioneer's office 25th September, 1984. Sales and enquiries apply to Mrs. G. E. Estate House, 50223 5th Street, Winchester, Hants, SO23 8DZ. Telephone 0962 51203.

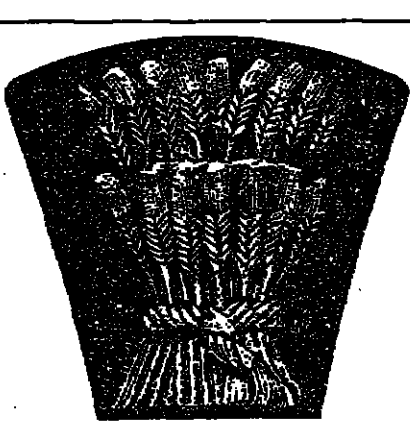
RESIDENTIAL PROPERTY APPEARS EVERY SATURDAY AND WEDNESDAY

Public Notices

RATE CHANGES: NOTICE OF INTEREST

From 2 September 1984 the rate of interest payable on income Bonds and Deposit Bonds will be changed from 10% to 12% p.a. Issued by the Department for National Savings on behalf of HM Treasury.

Holiday and Travel Overseas



It isn't too late to explore the Cradle of Civilisation at the most civilised time of year.

Autumn is perhaps the ideal time to visit the famous cities and great historic sites of the Mediterranean. The weather is comfortably warm. And places tend to be less crowded, so you can appreciate them as a traveller nota tourist. Autumn is also the time when the ancient Greeks celebrated the mysteries of the corn-goddess, Demeter. She ensured that the seed-corn sown in October was reborn in the Spring. This is only one of the fascinating insights on a 1984 Swan Hellenic Cruise. Each visit is more rewarding because, whether the place is Athens or Alexandria, Jerusalem or Istanbul, we help you see it in context.

Cabins are still available on many of our Autumn cruises. Fares from £61 include most shore excursions, all gratuities and comprehensive insurance. For an immediate booking or brochure, call Swan Hellenic Reservations on 01-247 7532 (15 St. Botolph St., London EC3A 7DN), or see your A.B.T.A. travel agent.



Flights

ROUND THE WORLD The Best City Business Agent. Over 50% reduction in fare direct to 1st class tickets. Large Savings on Club It. Special hotel rates - hundreds more available. Book by 1st October. Club 2248 Emsway 5276

COLUMBUS Call us by telephone 7 am-8 pm 25 Lombard St., E.C.3. 01-839 1211. Telex 855000. SWAN HELLENIC

U.K. Hotels

CAMP BEAUMONT—American style summer camp for children and adults. Brochure/parent guide tel 01-679 8865. 24hr Brochurephone.

U.K. Hotels

THORPNESS GOLF CLUB Enjoy a few days golf at one of Suffolk's finest courses located on the coast at Aideburgh. Luxurious accommodation in peaceful and tranquil surroundings alongside the clubhouse, where you can enjoy delicious traditional food, and where you can fall out of bed on to the 1st tee and celebrate the 18th without the drive home! Venue for many City societies, ideal for entertaining your best clients.

Please contact: THORPNESS GOLF CLUB Thorpness, Suffolk. Tel: Aidsburgh (072 885) 2176

U.K. Hotels

KENT FAMILY HOTEL AA** seaford, in and outdoor swim pools, squash, sauna, massage, snooker (full size) Family suites, bath, w.c. TV, baby-sitting, playground, dancing, special breaks — spring/summer, 1 or 2 children FREE. IVYSIDE HOTEL Brochure 089 31892/165/32478 WESTGATE-ON-SEA

Motor Cars

SAVE up to £3,500 ON YOUR NEW CAR. PERSONAL IMPORTS & UK SUPPLIES. FINANCE — LEASING BEST RATES. ON THE ROAD EXAMPLE PRICES: MG Metro £4,180, Micra GL £3,875, V.W. Golf CL £4,600, Renault 9 GTL £4,500. PHONE FOR FREE PRICE LIST over 800 prices — most makes and models. E.T.L. Services Ltd. 0792-863348

Are you buying a new car? Can you get up to 30% Discount on a wide range of new cars? Our price includes on road registration, air taxes and ferry return. Save with us! Save with us! Save with us! PHONE 0978 350909 or Telex 61824 for a free brochure.

SAVE MONEY BY DOING IT PERSONALLY CAR IMPORTS. Opel Astra, Lotus, 5 door, 5 speed £5,000. Austin Metro 1.3 £4,400. Toyota Corolla DX 4 door £4,550. Toyota Starlet 1.0 £3,700. Most makes and models available. The above vehicles for immediate delivery, subject to remaining unsold.

SAVE UP TO 28% Personal Imports. Also UK cars supplied. BMW, Mercedes, Immediate Delivery. CARS INTERNATIONAL (0935) 71140

U.K. SUPPLIES PERSONAL IMPORT For the right car at the right price. MOTOPOL Swansea (0792) 470249 Part Exchange Considered

OPEL VAUXHALL MAXIMUM DISCOUNT IMPORT DIRECT FROM DEALER IN BELGIUM CARS IN STOCK 010 32 5823 7902 ALSO AVAILABLE BL & RENAULT

NEW HONDA CARS Immediate or Earliest Delivery. Finance, Leasing and Loans purchased. Telephone for prices 04626-78191

HONDA

NEW MINIS AND METROS from £2,795. Other makes available. On the road prices. Firm's Imports. 01-330 6434.

PORSCHE 3.3 TURBO GUARDER. Red. 22,000 miles. Full service history, quite superb. £17,450. Mole Valley, 01-394 1114.

Educational

The most renowned school for French THE INSTITUT DE FRANCAIS. Overlooking the Riviera's most beautiful bay. MAKES LEARNING FRENCH A WONDERFUL & UNIQUE EXPERIENCE. Next 4-week all-day immersion programmes start Aug 6, 9, 13 & 16 of year. LODGING IN PRIVATE APARTMENTS AND 2 MEALS INCLUDED. For adults, 6 levels: from beginner 1 to advanced 6. Years of research & experience in the effective teaching of French to adults. INSTITUT DE FRANCAIS FTG21 23 Av. Général-Leclerc, 96220 Villefranche-sur-Mer. Tel: (93) 01-88-44

BOOKS

Spinster eye

BY RACHEL BILLINGTON

A Very Private Eye: An Autobiography in Letters and Diaries

by Barbara Pym edited by Hazel Holt and Hilary Pym. Macmillan, £12.95, 358 pages.

Barbara Pym was always fascinated by the concept of the spinster. In her first novel, Some Tame Gazelle, written while she was still at Oxford, she created a pair of spinster sisters sharing a flat. Some years later in 1942, she commented, "Perhaps Belinda and Harriet (her fictional spinsters' names) will come true." In 1946, after her sister, Hilary's divorce, they did indeed set up home together and continued to live together until her death in 1980.

It was this "spinster" Barbara Pym who burst (if that's the right word for someone whose modesty was fundamental) upon the literary world in 1977 after years in the wilderness of the unpublished. She presented a life-style both in herself with her cats, her cottage and her cardigans, and in her books with their quiet tales of christianitas and the middle-classes—a life-style that went out with the war.

It was the 1960s which failed to appreciate a talent likened by her two foremost admirers Philip Larkin and David Cecil to Jane Austen. Now that all her books are back in print and no defensive exaggeration is necessary, it seems a good

moment for an unemotional estimate of her work. This is helped by the publication of her diaries and letters, edited and introduced by her younger sister and her colleague of 25 years, Hazel Holt. They stretch from 1932 when she was in her first year at Oxford to her death. The diaries are well-written and entertaining on a rather more dramatic scale than her novels. This is due to her candid accounts of her love-affairs which, though not numerous and essentially unhappy, certainly do something to overturn the spinster image. Which, one suspects, was not the least of the authors' intentions.

Barbara Pym was one of those highly emotional women, perhaps one could even use the word "romantic," who very much want to be "in love" with a clever, handsome man. The two great loves of her life, both of whom treated her badly, were tall, dark and handsome in a classically story-book way. Just as description plays such a vital part in her books, so physical appearance both in herself and others was always very important to her. This preoccupation makes her a very good diarist since the word pictures are invariably detailed and vivid.

Pym does not, however, appear to be intellectual in the sense of undergoing a constant wrestling with an inner life. Religion, or religious observance which form the backdrop for so many of her novels, is barely discussed. Her work at university, or during the war

when she was posted to Naples for the Wrens, or afterwards when she settled in as deputy editor of Africa magazine, took second place to her emotional life. Interestingly, her books turn out to be a pale imitation of what she actually felt. It is as if she deliberately played down her own passions, using in her novels as in life, the very English technique of irony.

The domestic side of her nature seems to have been encouraged for the same reason. A grand love-affair is described in the same breath as methods for darning socks. At university she chooses between taking a steam beauty-bath and consulting Beowulf. Of those the former and I think the result justifies my choice.

Since unhappy love was to be her lot, it may be that she was right to find comfort in the home. "What a lot one learns about the technique of misery!" she wails ironically. During the war she fell in love with the estranged husband of the woman in whose house she was living. A two-month affair in which she quoted him as saying at the apogee of their relationship: "In a queer kind of way I'm in love with you"—gave her an emotional source-book for years afterwards. "The spinster" still haunted her. "It's better to be dramatic," she notes. "I'm just a lonely spinster, though it comes to the same in the end." At that difficult time, she listened to Uncle Vanya on the radio and compared it to her own life— "except that we don't sit down



Barbara Pym in a rural setting.

under our sorrows—no we are drearily splendid and even join the Wrens." It is the screams and shouts of the suffering Russian which are missing both from her life and her works. In the early 1970s when her loves were all behind her, she was suffering from cancer of the breast and her books were no longer being published, one looks with sympathy and fascination to see what sustained her. One looks in vain. Even here there is no mention of spiritual succour (or lack of it). The customary minutiae of everyday life are recorded with customary brave humour and modesty. "Dreadfully to bed" is the phrase she uses to end

one entry in her diary and it seems to sum up her attitude. And yet the passionate woman lurked underneath, giving her fictional characters a secret sexuality which has made her books a favourite on the library shelves. When the most unlikely of events occurred and she found herself a fashionable literary figure, facing the television cameras in her cottage-garden, she still took care to preserve her spinster cloak. She described the event in a letter to Philip Larkin: "I'm a question about my treatment of men characters suggested that I had a low opinion of the sex. My instinctive reply sprang to

my lips. 'Oh, but I love men,' but luckily I realised how ridiculous I would sound, so said something feeble...." An early editor advised Barbara Pym to "be more wicked, if necessary." It was obviously an absurd suggestion yet one sympathetic with her feelings. An Unsuitable Attraction, which was so notoriously turned down by Jonathan Cape, is not a good or readable book. In it her fear of looking "ridiculous" has pushed her. On the other hand, such novels as Excellent Women and A Glass of Blessings can rightly be described in the blurb-writer's jargon as unpretentious little masterpieces.

Fiction Inner worlds

BY ISABEL QUIGLY

A Dangerous Time by Stan James. Century, £8.95, 254 pages

Dividing Lines by Victor Sage, Chatto and Windus, £8.95 (paperback £3.95), 166 pages.

Crumbs under the Skin by Carol Brurgeon. Andre Deutsch, £7.95, 176 pages

Stan James uses the traditional forms of fiction and the subjects and action of what (dare one say it?) used to be called women's fiction, with a good deal of force and individuality.

A Dangerous Time is the story of two working-class girls in the Midlands during the 1930s and the war: their friendship from school days, their ways of life as adults, Susan's marriage, Laura's love affairs, and above all the continuity of the relationship between them in spite of fundamental differences of temperament and temper, outlook and personality. Susan is pretty, light-weight, marriageable, because all she wants is marriage; Laura is serious and studious and her hopes being higher, her dreams broader than Susan's, a lot less likely to settle.

In any case, the action seems to ask, what is a woman's destiny, the form of her life? Love, it suggests, is a lot less absolute than fiction would have us believe; much more a matter—even when passionate—of compromise, acceptance, making the best of things and, above all, forgiveness, lack of rancour.

Laura has plenty to be rancorous about; so has Susan, both had unpromising beginnings, childhoods bleak (Laura's) or oppressive (Susan's). Nor do their adult lives run any more smoothly than anyone else's. But they keep a firm hold on their long friendship, and on the nature of friendship, of relationships of all kinds. Stan James is particularly good.

A satisfying, intelligent book, small-scale but admirable.

Victor Sage's Dividing Lines is a collection of short stories, the first book by a writer with a strong, disturbing talent. He isn't a good bedtime read; his writing threatens not just the orthodoxies of behaviour and feeling but the whole use of the imagination (what is it up to? What can it be allowed to do? Where does fiction allow itself to be? To balance this distance from there's the style, very strong, but held in check for almost comic effect: staidly explosive, weirdly orthodox and exact, sometimes bureaucratic in its flat, strict use of reality in outlandish contexts.

Outlandish every story in the seven is. There's no central eye or I, no centre of emotional gravity, no particular authorial

sympathy one can pick down or establish. The stories vary in every way, have no identifiable link of subject or outlook. Mostly they defy reason and even physical sense yet they manage to seem commandingly true, to convince one of the improbable, even impossible. "Little Goethe," for instance, is a genius who never grows beyond babyhood, and so remains everlastingly adoptable, an eternal prodigy with a great man's mind locked in the body of an infant. "Crusoe" has his island, with all its familiar attributes (single footprint, survival routines, rescue plans, goats, hut and parrot); but where is it? In his head, one presumes, with all the trappings of other ludicrous fantasies. "Obscurity" has the "crutinous dwarf" of a footnote in Ernest Jones's Life of Freud telling his version of what happened and of his own life before and after. "Destructive Angel" has the mistress's Spanish little daughter, turning a man's face towards her, the nearest of childish ravens on the lover. "Nada" is about a young hermaphrodite (or rather pseudo-hermaphrodite) in Franco's Spain, where normality and madness reign. All are told with deadpan exactness of observation, a minimum of incident. Not since Ian McEwan's first stories has so disturbing and exhilarating a talent come my way.

Carol Brurgeon is another new writer and Crumbs under the Skin is also bizarre and perhaps original, but Brurgeon has little idea how to deal with the delicate line between the real and the outlandish, and this just won't do in a novel about development.

Indiv works in the cutting room of a garment factory and lives a rich fantasy life which, every week, she takes to her psychiatrist, Hector. There's her husband Anthony, a raucous word of children, endless agitation at home and relief in sloughing it off with Hector, who is a medical officer at the tale. Hector is the word of a poet, a poet based on him to admit what Judith Holmes who is lovely and suffering from delusions, none in her fantasy world, she takes to her heart without external assistance and has veiled her own emptiness with things she claims she wants to escape. Right, we know where we are. More or less. Until reality and fantasy are merged in an incomprehensible way and the tale ends with an event so unlikely that one wonders where reality, if this is it, has got to; or whether we're entranced in some other fantasy, the author's, or what? Not a well-rehearsed mixture but with moments that make one have for good things later. Some funny, like a kind of economic theory that seems to demand an outlet.

Have-nots take over

BY NICHOLAS BEST

Cataclysm: The North-South Conflict of 1987 by William Clark. Sidgwick & Jackson, £10.95, 236 pages

A Third World War, not between the haves and have-nots is the theme of William Clark's fictionalised Cataclysm: The North-South Conflict of 1987. A war of tariffs and trades and economic sabotage, fought with banking systems and computer tapes rather than guns and bullets.

Africa and Latin-America renege on their debts. The banks of Europe and North America refuse a moratorium. The UN breaks up in disarray, the nations of the industrial north pitted broadly against the poverty-ridden south, although both sides retain a foot in the other's camp. They need each other too much to close the door completely. The initiative in this strangest of wars is taken by an electronics wizard in Nigeria, who uses a pirate satellite to feed all kinds of disinformation into Western—northern—comput-

ing systems in an attempt to force the big guns back to the conference table. Wall Street crashes after a run on banks is programmed into the computer. Credit cards in Britain are all overdrawn at the height of the Christmas rush. A malfunction is triggered in Israel's nuclear reactor, causing the Israelis to clamour for nuclear retaliation against their enemies, whoever they may be.

A credible scenario? William Clark is a former vice-president of the World Bank and a leading light in the Brandt Commission on the problems of the Third World. Though essentially fiction, his books contain very little dialogue and reads more like a banker's quarterly report — as it is intended to — than a novel. He is no Paul Erdman. As to whether he is right, the idea of restructuring the global economy with taxes on high gross national product, consumption of non-renewable resources, and so on, certainly bears examination. But it is difficult to imagine the poorer nations being able to put the boot in quite as hard as he suggests.

Stalin's hour

BY ZARA STEINER

The Road to Berlin: Stalin's War With Germany by Weidenfeld & Nicholson, £20.00, 577 pages

One does not need to be a military historian or enthusiast thoroughly to enjoy this densely packed and often brilliantly written account of the Red Army's liberation of its own territories and subsequent pursuit of the German forces right into the heart of Berlin.

John Erickson's task was as special as the events he describes. There are few historians anywhere who have had such access to the sources, Soviet, German, Polish, Serbian, Romanian that he had used or had the opportunity of interviewing so many of the key Soviet participants in the "Great Patriotic War." Over 200 pages of references, sources and annotated bibliography

provide a mine of information for both Russian and non-Russian language readers. The critical judgments of men and memoir material make these notes as riveting and important as the text itself. The sub-title, "Stalin's War with Germany" is, in fact, the central theme. The military sources underline how much was due to Stalin's direction and constant intervention in the details of military planning and operations. The astonishing fact was, as John Erickson writes, that when Stalin said, "I demand more." This is my last warning," "more" usually meant "more."

Stalin's often brutal methods with his commanders paid high dividends. The competition between Zhukov, Rokossovski and Kanier achieved what Stalin demanded but what most have deemed impossible, operationally and tactically to each commander.

Among Sikhs

BY K. NATWAR-SINGH

An Indian Attachment by Sarah Lloyd. Harvill Press, £9.95, 244 pages.

This is an unusual book. I do not remember reading anything similar in India in recent years. Sarah Lloyd is a young landscape architect and a compulsive traveller. She had visited large parts of the globe before embarking on her Indian journey.

In the late 1970s she spent two years in India with a young Sikh Jat whom she met accidentally in Calcutta. She calls him Jungli which, in the vernacular, means wild, untamed, unsophisticated. She lived with him throughout her stay in India, first in a remote mud-built village in the Punjab with his impossible family, later in a hut on the fringes of a religious community where Jungli worked in trying conditions with a self-styled Sikh saint who was quite obviously a con man.

Half way through the book, I asked myself, "What on earth did an intelligent, educated, modern, English girl have in common with an individual like Jungli?" A few pages later she provided the devastating answer: "Long before I met Jungli and for the duration of my stay in the East, I avoided other Westerners, there being plenty of them at home. Although fully aware of how hard it was to achieve a mutual understanding with most Indians, and how effortless, once over the first hurdles, with those of one's own background, I wanted to be immersed in India. I wanted to penetrate the Oriental mind. Then I met

Jungli, a man untouched by the West. Jungli did not ask a single personal question ever. Disarming candour, but one or two questions arise. The Oriental mind extends from the shores of the Eastern Mediterranean in Japan. Whatever Jungli might have possessed, passion, loyalty, selflessness, religious faith, a mind he did not have. The author was aware of his shortcomings and inadequacies, but having given him her heart, she put up with his moods and demands. To live with such an individual the once asked her how far London was from England? Jungli needed exceptional patience. This Sarah Lloyd has in abundance. Throughout she keeps hold of herself. She never lets go of her critical faculties. She observes everything and puts it down on paper to the annoyance of Jungli and his family. Her descriptions of the stark, raw and uniformly austere existence of the urban folk in India are authentic and free from condescending sentimentality. She took to India without reservation even down to her own role: "India taught me to be a woman. I discovered how much more simple, pleasurable and dignified life became when men and women had separate and clearly defined roles. An Indian Attachment is a serene, honest, rare and extraordinary document. Sarah Lloyd writes well; her narrative and her love story while occasionally exhausting are never dull. Her psychological insights are uncanny. She possesses exceptional inner strength and resources. These saw her through an incredible two years.

Ved's vision

BY GAY FIRTH

The Ledge Between The Streams by Ved Mehta. Harvill Press, £12.50, 525 pages

Long ago, John Milton wanted books that "do contain a potency of life in them to beget as that soil whose progeny they are." Ved Mehta's volumes of autobiography, appearing at intervals between his other books like charms slowly added to a bracelet, are written in a way which Milton would approve.

This is the fourth. Like the others, it is distinctive for richness of physical description in prose which, passing slowly under the eye, has the literary equivalent of perfect pitch. Scarcely a visible grace-note decorates such unselfconscious plainness. Scarcely a detail of Mr Mehta's apparently total recall of events, conversations, joys and sorrows in a large, affectionate Hindu family in the Punjab, in the 1940s, sparks a suspicion that the occasional grace-note must have been added to memory. It is an extraordinary achievement; above all, an extraordinarily happy road.

Ved Mehta's art, and his singular gift, is to relegate to the ephors and attic of his Western readers' minds the worn, shabby, absurdly cherished belief that human life and its capacity for love and humanity, on the Indian continent or any other, is intrinsically different

Neil now

BY MALCOLM RUTHERFORD

Neil Kinnock The Path to Leadership by G. M. F. Drower. Weidenfeld & Nicholson, £8.95, Paperback £5.95, 162 pages.

At the Labour Party Conference in 1973 Barbara Castle went along to the annual Tribune Rally just in time to hear Neil Kinnock making his customary appeal for funds. She wrote in her diary that it was the funniest collection speech she'd ever heard: "He's a find, that boy."

For a while that was how it remained. The boy Kinnock was the master of knockabout in a party that had plenty to cry about. Yet for nearly a year now, at the age of 42, he has been leader of the party and is, in theory at least, the alternative Prime Minister. Clearly there must have been some ambition behind the clowning. G. M. F. Drower, a young PhD student, has produced the first biography and it has the merit of not being entirely barren. But it is not especially hostile either. Drower is faced with the question of how it is that a man of no great intellectual stature, who had held no previous executive office except the presidency of the students' union at the University of Cardiff, and who had turned down the offer of being a junior minister to Roy Hattersley in the 1970s, has reached such heights. The answer seems to lie in a mixture of charm, ambition, opportunism and, perhaps most important of all, a realisation of the need for good organisation.

Neil Kinnock

BY MALCOLM RUTHERFORD

Neil Kinnock The Path to Leadership by G. M. F. Drower. Weidenfeld & Nicholson, £8.95, Paperback £5.95, 162 pages.

he could also be dictatorial. When he was president of the union, he ordered the bars to be closed and threatened to have the lights switched off at the main in order to make people attend his meetings. He seems to have made his way to the top without many people noticing. Yet Drower points out that he had given assiduous attention to the television studios, to the constituency organisations and ultimately to the trades unions. Everybody knew him and everybody liked him.

It is not true that he has never taken a stand on any political issue. Drower draws attention to his very strong opposition to Welsh devolution at a time when many of the opportunists in the Labour Party had decided to support it. Kinnock even voted with the Tories against it. It was bold. If it was also opportunistic, to come out against Tony Benn for the deputy leadership. At one stage he incurred the wrath of the party for refusing to promise to restore all the Tory cuts in education. At times he plays the buffoon. He told the House of Commons: "Other than when playing darts, I become confused at the mention of figures." Drower has unearthed the curious story of Kinnock's book on Nye Bevan which was listed in Who's Who. It turns out never to have been finished, let alone published. Yet he made it. The man who told the Labour Party that the far left is "so obsessed with ideology that they cannot see the people for the slogans" must have something going for him. He has the rhetoric too. "If Margaret Thatcher wins on Thursday," he said just before the last general election, "I warn you not to be ordinary. I warn you not to be young. I warn you not to fall ill. I warn you not to get old. You can see why the Labour Party loves him but you can also see why the left may begin to be suspicious. Neil Kinnock would probably be more at home in an American presidential campaign than in Britain.

Spending era

BY DOUGLAS JAY

Keynes: The Instability of Capitalism by Fausto Vicarelli, translated by John Richard Walker. Macmillan, £5.00, 194 pages

This is an English translation of a book by Professor Fausto Vicarelli of the University of Rome, first published in Italian in which he makes a major and scholarly attempt to assess Keynes's contribution to economic thought in the light of world events in his lifetime. It is a book about both Keynes and Keynesianism. On the whole Professor Vicarelli's aim is to record accurately what Keynes actually said, and what has become of his doctrines after a generation of debate, rather than to judge where he or his critics were right or wrong; though Professor Vicarelli fairly evidently regards him as the greatest economist of this century.

Re-reading the story now, one is struck by the fact that Keynes unlike some of his academic colleagues, was much more keenly interested in real economic events, and the need to explain them, than in the history of economics. The monetary upheavals of 1914-1925 (one form of the "instability of Capitalism") led him in the Tract on Monetary Reform and Economic Consequences of Mr Churchill to concentrate on the effect of changing money values and to argue that these things could not be just left to look after themselves. Then the Great Depression of 1929-32 appeared to him, as to others, to be something which traditional economics had neither predicted nor explained; hence the intellectual struggles of the General Theory in 1936.

What emerges most plainly from Professor Vicarelli's record as Keynes's major contribution at this stage was his insistence on the concept of effective demand as the key factor in the modern economy, though it had almost vanished from traditional economics since Malthus. Whether or

not Keynes had assailed the central classical doctrine, it could hardly be denied then or now that the revival of this concept both made the Great Depression more intelligible and a way out of it appear more possible. At the same time if there was any serious weakness in the General Theory, it was perhaps Keynes's easy assumption that the only cure for a deflationary situation and an excess of saving was more capital spending, when in fact any spending would have served as well in this passage Keynes admitted.

In this sense Keynes still lived in a world where capital formation was assumed to be normally carried out by private entrepreneurs, with or without animal spirits, calculating interest rates and investment yields, from industrial expansion schemes. The world of consumer credit, public investment and house-purchase finance had not fully developed; and if it had, perhaps Keynesian and post-Keynesian literature might have deviated less space to the "marginal efficiency of capital," "liquidity, preference," "interest-rate theory and so forth. Understandably, however, Keynes, in his capacity as Rursar of Kings and Chairman of the National Mutual, found these particular issues fascinating in themselves.

Professor Vicarelli's book is largely based on the actual literature, and he accordingly says little of Keynes's immense exertions in the building up of the International Monetary Fund and the World Bank and the world economic reconstruction after 1945 which was for 25 years so notably successful. For reasons no doubt of scrupulous academic restraint, Professor Vicarelli also refrains from speculating on what his subject would have thought of the current age of stagflation; though evidence could have been quoted (eg from the Employment Policy White Paper of 1944) that Keynes would have recognised a cost-inflation when he saw one.

Criminal chat

BY GEORGE MALCOLM THOMSON

In The Underworld by Laurie R. King. Blackwell, £7.95, 188 pages

The underworld is, for most of us, an undiscovered country; although we live within calling distance of it. Now Professor Taylor, professionally interested in it, supplies us with a guide. He does so after a tour of inspection with his chapman, John McVicar, now a free man after doing a spot of bird for some major departure from conventional conduct.

McVicar took the professor on a tour of London haunts favoured by ministers, con men, individuals "on the heavy" (robbers) and other varieties of villain. Convinced by McVicar that Taylor could be trusted and that his tape recorder would not be put to some amuse-social use, those hard-working and, on the whole, successful operators shared their expertise with Taylor. Many popular conceptions, encouraged by films and telly are mistaken. It is almost a rule that you never drive fast away from anywhere. You choose your wheel-man, not because he is a crack-driver but because he

will stay nice and cool outside the bank while all the fireworks are happening. But robbing banks is not what it used to be: the banks are too well protected by one means or another. In consequence, the more thoughtful robbers now go for the security vans. Professionals tend to shy away from bank-robbing, leaving the market to dangerous amateurs, men who fire guns in all directions on the least provocation.

Jewel robbery is a highly specialised branch of the industry. An expert is taken along to Barton Garden to inspect the ring which the thief fancies. Then he knocks up a perfect replica—a "jar," so-called because the stone is made from the almost valueless mineral zircon. Sometime during an imitation of the real ring the "needle" (switch) takes place.

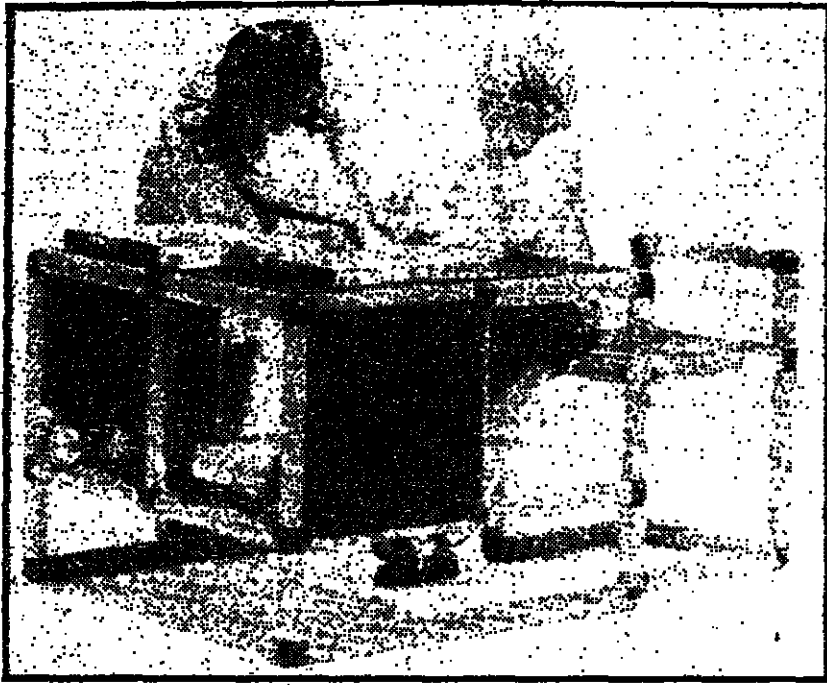
From his talks with McVicar and his friends, Professor Taylor has brought down a mass of information which will be of interest to his students of criminology at York University. To a wider public he gives a depressing picture of the more—and incidentally—the vocabulary of the contemporary world of villainy.

Neil Kinnock

HOW TO SPEND IT

by Lucia van der Post

PLAY TIME

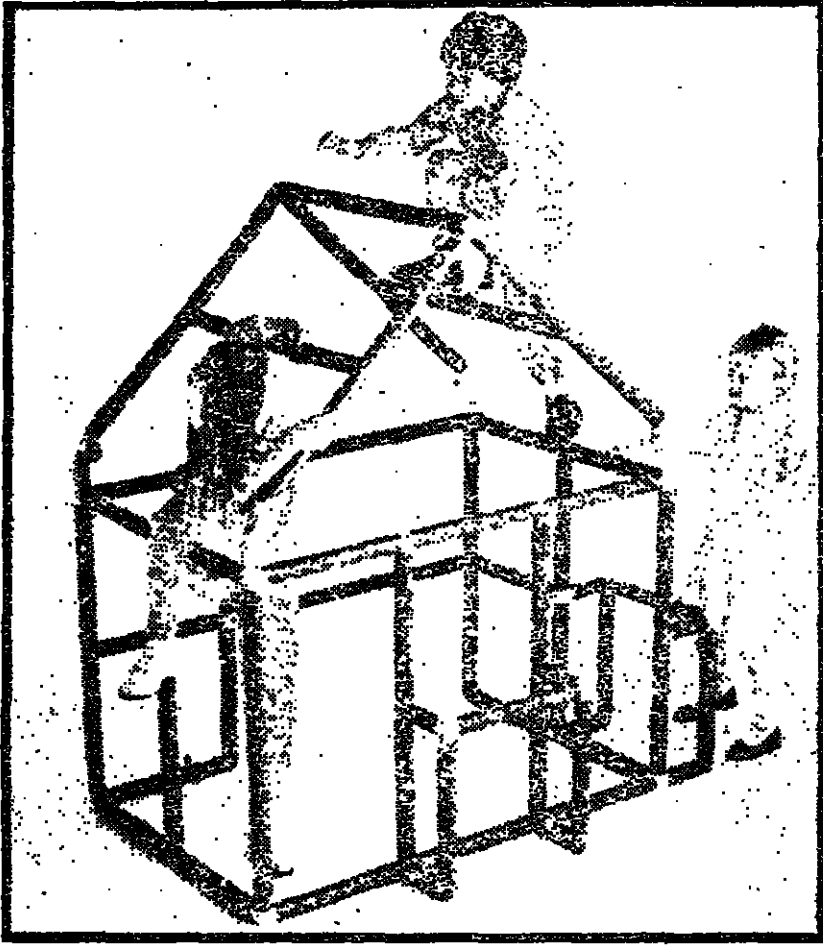
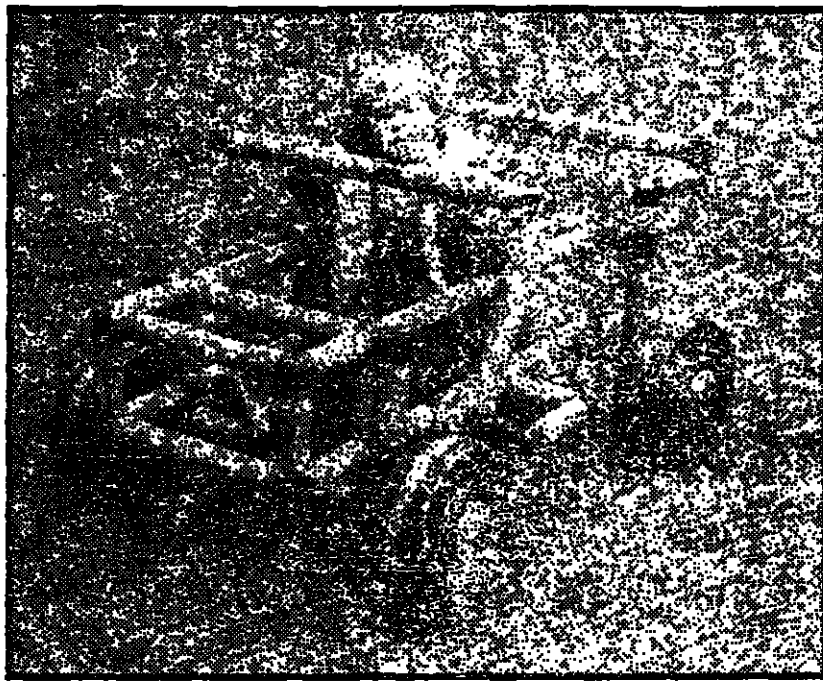


ABOVE: Use the Quadro kits to form a desk

ABOVE RIGHT: Here Quadro has been used to make an open car

RIGHT: Gympo's playhouse for indoors or out

BELOW: Gympo's two-wheeled rickshaw



BUILDING KITS

If you're thinking that now is the time to invest in some sturdy out-door play equipment and you can't quite make up your mind which to choose, take a good look at two systems photographed above—Quadro is featured in the two top pictures, Gympo below.

In the beginning there was Quadro. Invented by Hubert Ruetter a few years ago, it is basically a large scale construction kit which is sold in packs and for which there are several add-on packs which aficionados can buy at a later stage. It is

based on strong red polypropylene tubes which are locked together by black plastic screws (the system is patented) and most children over about four can join the tubes together but are likely still to need guidance from parents on the designs.

Quadro has become the market leader, is stocked by Hamleys, John Lewis Stores and Early Learning Centres, has been decreed a good thing by The Good Toy Guide, and it is

generally agreed has stood the test of time.

It is reckoned to be very strong and stable and with a starter kit costing £59.95 a small playhouse, slide or tunnel could be made. The Junior kit is £79.95 and offers more of the same so that everything can be made on a bigger scale while the Universal Kit (£99.95), the biggest one on offer, means the child can build a computer stand, an emergency

guest bed, a desk.

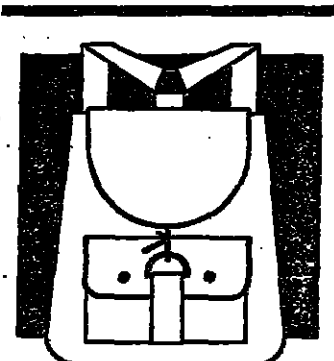
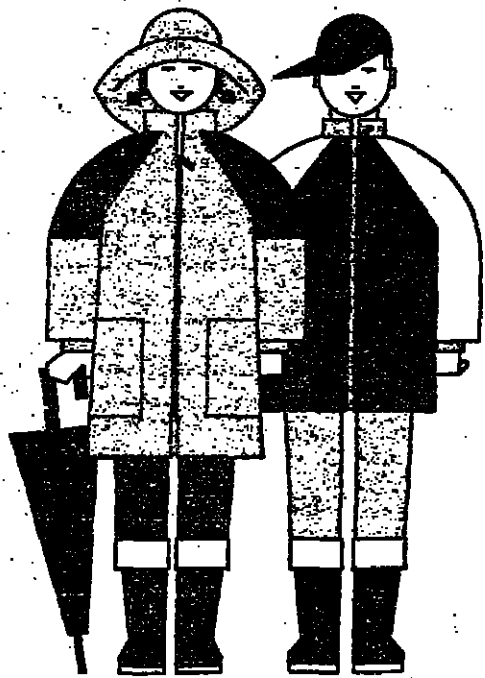
New this year is Gympo which looks very like Quadro indeed. Its founder is Bob Magid and he aimed to produce a construction kit which would be very easy for a child to use—Gympo's tubes are smaller than Quadro's and thus, claims Bob Magid, easier for a child to grasp and cope with. It is bright blue in colour and all the connectors are coded by colour. It, too, offers a great deal

of potential for constructing different play units—from push-carts to shop, slides to play-houses. It, too, has four kits, the cheapest being £39.95, the most expensive £99.95.

It is not as yet widely stocked but it can be seen at some W. H. Smith branches.

Anybody weighing up the merits of one against the other is best to think carefully about what they want it to do—Quadro seems to me much more solid, Gympo is lighter. Go and look for yourselves.

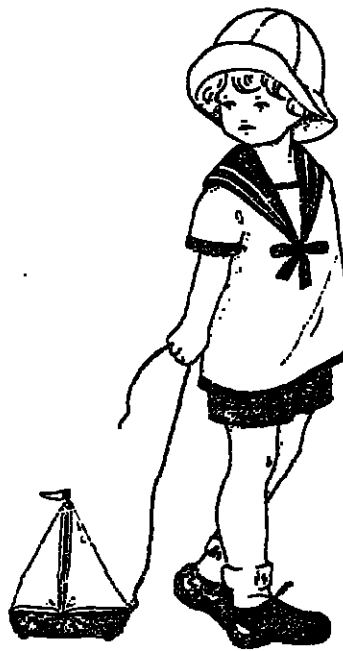
DRESSING UP



ABOVE: The Rambler rucksack from the Waterducks range

LEFT: Bright yellow and red rainwear by Waterducks

RIGHT: Old-fashioned charm from Penny's



MY MEMORY of holidays in Eilat with small children is of an endless battle to keep them warm and dry and a dearth of garments which would do either job attractively. So it's good to see the arrival of some exceptionally attractive waterproof clothes for children—not only do they have the kind of panache and zing we usually associate (perhaps unkindly) with across the Channel, but they are based on an all-British invention, a new fabric which really does seem to do what its inventors claim, that is keep out the water and wind but allow the air to circulate.

The fabric, Airflex, was evolved under the initiative of Waterducks founder Dennis Halls. It is very light to wear, isn't at all stiff like some traditional waterproof materials, but above all is completely condensation free. Many waterproof materials

stitching, but the seams of Waterducks garments are welded by ultrasonic means so that water cannot leak through. Finally, the material can be hand-washed, machine-washed or dry cleaned.

Having evolved Airflex, Dennis Halls contacted Jim Gardner, who has been associated with Bernard and Laura Ashley for many years, and asked him to help design a range of children's rainwear which would be practical, appealing and different. The result is a stunning collection—all in bright, zingy primary colours like canary yellow, deep blue and red. The clothes are not just utilitarian covers-ups against the rain, they are eye-catching and attractive enough for many children to want to wear them whatever the weather.

westers and Macs, trousers and bomber jackets, dungarees and capes, as well as a whole series of useful extras, like the Rambler rucksacks. (marvellous in bright yellow, edged in red), a duffie bag and peaked caps.

At the moment the range is just for children from about 18 months to 10 years but already plans are under way to use the fabric in a collection of rainwear for adults. Waterducks is mainly sold in rather exclusive stores like Harrods and Harvey Nichols of London SW1, Fortnum and Mason of Piccadilly, London W1, but it is hoped that it will be much more widely available shortly.

It is already a wow in the U.S. where Weiman-Marcus, Saks of Fifth Avenue, Macy's and Gimbels have all agreed to stock it. Over here prices for the sun/wester are about £9, dungarees about £24, capes

ENTIRELY different from Waterducks, which is about as modern and up-to-the-minute as you could hope for, is Penny's. Penny's clothes for the mini-set are based on a good dose of old-fashioned nostalgia.

Lurking in the family attics of Juliet Webster were boxes of baby clothes and small children's clothes that had survived in her family for more than 60 years. After the birth of her son she began to feel that something could be done with the designs—they seemed to her so attractive and well-made that she decided to see what she could do with the help of a wholesale fabric supplier, a skilled cutter and willing seamstresses.

The result is a charming but unashamedly nostalgic collection of clothes that seem to have sprung from the pages of Winnie the Pooh. Manny would approve. There's a

tie-back pinafore to wear over it with a sunbonnet. Then there's a real Christopher Robin sailor suit in white and navy, with the sun hat that gives it the authentic look.

Also in the collection is a gingham sunsuit with a matching sun-hat for small babies (up to 18 months) and Lord Faunteroy rompers in red or navy and gingham with a white frilled collar and white gathered sleeves.

The collection—as you can see it is tiny—is geared just to under five-year-olds but the prices are very good. The sailor suit costs £5.95 for the two pieces and £2.50 for the hat. The gingham dress is £2.20, the pinafore, £2.75 and the matching knickers, £1.50. The long rompers are £4.25 and the baby's sunsuit, £2.50, the blouse, £1.95 and the sun-hat, £2.60.

For a leaflet write to Penny's at 52 Queen's Road, Chelsea, London SW3 2LN.

FIZZY DRINKS

SUMMER days are thirsty days and, as every parent knows, the cost of fizzy drinks can send the blood pressure soaring. A timely moment,



then, to see what the two major fizzy drink machines, Soda Stream (photographed right) and the latest arrival, Big Soda (left), have to offer. And who better to test them out than an enthusiastic and impartial nine-year-old, Emma Bell.



“ THE first time I tasted a Soda Stream drink it was made by an 80-year-old colonel in the country. His Soda Stream is 4 ft 6 in high and 70 years old! I've loved Soda Stream drinks ever since. I have just tested the new Soda Stream 101 and its rival Big Soda. I think Soda Stream 101 was a lot better than Big Soda. There is a great difference between them. The reasons why Soda Stream 101 is much better are:

It has very good clear instructions. The instruction booklet also tells you how to mend it if it goes wrong. Big Soda's instructions are much harder to understand.

With Soda Stream 101 it is quick and easy to make a fizzy drink, whereas with Big Soda it is much harder to make a drink and it also takes longer. We may have been doing something wrong but we could not get much fizz out of the Big Soda at all and without fizz it tasted disgusting!

With Soda Stream you can get more than 20 flavours. My favourite is ginger beer and I also like lemonade and lemon and limeade. I tried Indian tonic water. I liked it a bit but it is really an adult drink. I did not like cola at all. Big Soda came in several flavours but I did not like the two I tried very much because I couldn't get any fizz.

Big Soda takes one tiny siphon of gas to make one drink (at least we could only get one drink per siphon). If you want

to make another drink you have to remove the siphon and put another one in which is very fiddly. With Soda Stream 101 the big long cylinder of gas makes 100 8-oz bottles of drink.

I recommend Soda Stream 101 to any children who like fizzy drinks and want to make them themselves. It saves a lot of money for parents and it also means that children can have a drink whenever they want to.

Another good thing about the Soda Stream is that when you want a new cylinder you just take the old one and exchange it at a cost of £2. (A new cylinder costs about £10.) Big Soda's siphons have to be bought in packages.

Emma Bell

WELL, there you have it, one very perceptive consumer's personal survey of the two major fizzy drinks machines on the market. Parents might like a few more practical details.

Soda Stream costs about £24.95, Big Soda about £20. Soda Stream's syrups are £1.99 a litre, Big Soda's £1.90. Soda Stream offers about 31 different syrup varieties (including blackcurrant, cola, Canada dry mixes, Emergen, I Cal, Tizer etc.). Big Soda offers only four of its own brands (cherryade, lemonade, orange or cola) but with the machine you can use any of the other concentrates on the market. (Including Soda Stream's) and, of course you can use wine to make a spritzer.

Soda Stream is rather bigger and more solid and you have to take the cylinder to the shop to exchange it (for £2.20) when it runs out. With Big Soda you use 8 gm soda (Sparklets type) bulbs for each litre of drink and you buy them in packs of 10 (£1.70) which you just throw away when finished—therefore you don't have to worry about running out of fizz in the middle of a party. Being lighter and more portable you can take it with you to a barbecue or on a picnic more easily. It also makes its drinks in larger quantities—a litre as opposed to Soda Stream's half litre. Soda Stream has been at it longer and therefore has a well-established retail system so you can buy the concentrates almost everywhere.

Working out the comparative costs are not easy but Big Soda reckons 1 litre of fizzy drink costs about 34p, Soda Stream estimates 26p.

RAINY DAYS

Few summers get by without the inevitable rainy day and the equally inevitable cry "There's nothing to do." My own children were always singularly averse to anything that smacked of arts and crafts and began to back off as soon as the coloured paper and beads came out but some of you must have much more amenable offspring for whom Rodney Peppé's book, Make Your Own Paper Toys would be just the thing. It has 10 different toy suggestions—from pop-up clown cubes to tumbling acrobats, from folding hexagon puzzles to revolving pyramids. The results are colourful, amusing and genuinely attractive. If you want to keep it up your sleeves for real emergencies make sure you read the introduction first so that you have supplies of the materials on hand (these aren't elaborate but they are essential).

in Next week's FT

On the Management Page—Stay in money broking, but not much else, R.P. Martin sees a need to broaden its base

On the Technology Page—Architects are coming to computer plots and how the home robots will replace dog and cat as a pet

See the Arts Page for reviews of Happiest Days of your life/Barbican Ratepayers Iolanthe/Southbank

plus a 20-page survey on Japan on Monday

The FT brings you the information you need—read it every working day.

No FT... no comment

THE ARTS

That's entertainment

When I was writing last week about the BBC's devotion to the entertainers of the last half-century, I broke off before I got to my own favourite. This was Radio 3's half-hour on Billie Holiday on Wednesday at lunchtime. This week a second programme followed her career to its end. I mentioned before how wise Sheridan Morley was to give us whole choruses from his chosen singers (this week Gertrude Lawrence, who could do many things, but not sing) and not just samples. The presenter of the Billie Holiday discs, whose name the Radio Times kept a secret, did even better and gave us whole sides—especially important, for she was given splendid accompanying groups.

The only one she didn't live up to was Benny Goodman. She did beautifully with Teddy Wilson and Lester Young, she coped with big bands like Count Basie's, Artie Shaw's, even Paul Whiteman's. She didn't repeat anything in the nature of "Strange Fruit," a

RADIO

B. A. YOUNG

macabre haunting song about a lynching; the latter songs we heard were standards like "Sunny side of the street." How I enjoyed those two short programmes! All I missed was "Gloomy Sunday."

John Bull's Other Ireland looks like bad snubbing, but in fact was an interesting Radio 4 programme on Tuesday, about Cyprus. Divided Cyprus has indeed similarities to Ireland, the top half occupied by 28,000 Turkish soldiers with tanks, the bottom half by Greek Cypriots many of whom come from the occupied north. This year is the 10th anniversary of the Turkish invasion. The Turkish Cypriots (see how careful I am not to say the Turks) have set up an "independent" state in the north, Mike McKimm, an Irishman, interviewed people on both sides of the fortified "border" on both sides found a wish to live in peace with neighbours—except at the Museum of Barbarity in Nicosia, an exhibition of Greek atrocities. There is no communication at all between Greek Cypriots and Turkish, and an American resident, forget violence this year, the Cypriots agree that there is mutual sympathy between themselves and the Irish. A little sympathy

nearer home, in both cases, might help.

Radio 3's Sunday plays often explore unfrequented avenues, and Max Frisch's *Bluebeard* did that, but kept quiet about it. Mainly it consisted of a doctor's recollections of his recent trial for murdering his sixth wife, only too clearly recalled as he tried to lose himself in pastimes like billiards. His first five wives and his seventh all gave character evidence. What never came out at the trial were details from his earlier life. He may or may not have killed a pet rabbit with a razor. What happened to little Egon, abandoned in a graveyard with his legs pinioned? Was the doctor acquitted, and must live his life with his memories. Norman Rodway played the doctor, Neil Stacey the prosecuting counsel, Brian Miller directed.

Norman Rodway also entertains us weekly on Sundays as Aphorhe in *Sword of Honour*. Last Sunday's instalment, the third of 11, was mainly dialogue between him and Hugh Dickson as Guy Crouchback. I find it fun to hear the pleasant adaptation and then their turn to the relevant passages in Evelyn Waugh's diary. The other Sunday serial, Allan Prior's *The Big March*, is marching along familiar ground. Perhaps it will blossom in the five remaining half-hours.

The Shutter Falls, by Norman Malcolm Macdonald, was a curious play heard on Thursday, inherited by Radio 4 from BBC Radio Scotland. The story, set in the 1830s, was simple: a photographer sent to the Highlands to photograph the herring girls from Lewis, seduced one, and she drowned herself. But the characters were depicted as if they were quite primitive, speaking in short sentences simple enough to be attributed to people in folk-tales. I thought it charming, and ideally directed by Patrick Rayner, with much use of Scots music. Gerda Stevenson and Carey Wilson took the main parts, but my chief pleasure was in the narration by Maureen Beattie, exquisitely spoken.

I've listened to Sunday morning Colour Supplement three times now, though I admit that once was in my car driving to Glynedebourne. I think I may be excused listening to it any more. Not only do the choices of subject seem trivial and uninteresting, but the items are so unduly extended, to borrow the music critics' word that they use when they mean long. However, here's my vote for Roger Woodd for the next Poet Laureate, an appointment that might very well be absorbed into the BBC's staff.

Sir William Rees-Mogg is not a quiescent chairman of the Arts Council. He is making a mark, most forcefully in the area of his special (indeed as a professional antiquarian bookseller), even his commercial, interest: literature.

The literature panel of the Arts Council has suffered the severest financial cuts, in line with Sir William's view that there are publishers aplenty to nurture contemporary writers, but he believes that the Council has a role in making our national classics more widely available. His fondness for the 18th century has precipitated a personal initiative, now realised in an exhibition on the life of Samuel Johnson to celebrate the bicentenary of his death, on show at the Arts Council premises in Piccadilly until September 14.

This is the first time the Arts Council has mounted a show on its home ground. It is a very traditional display, with over a hundred exhibits on view in the council chamber. Most must be studied through glass cases but there is a fine collection of portraits, notably the three of Dr Johnson by his friend Sir Joshua Reynolds.

Indeed in a comparatively small room a hung, not too well, some of Reynolds' best works, not only the studies of Johnson, but also of the Italian lexicographer Joseph Baratti, showing him morose and pant up (he was later acquitted of murdering a man in a street fight), Hester Thrale and her daughter (she disliked it, although it flattered her); and Reynolds' self portrait in which he stares through the gloom, only half ironically, like Rembrandt with a bust of Michelangelo in the background.

There are other portraits of Johnson, most notably the sketch by James Barry from the National Portrait Gallery (illustrated here) which emphasises the loose lips, the powerful nose, the probing eyes, the look of a man ready to expose any specious argument.

It is Johnson's fate to be better known through the portraits of his commanding presence, and from the reminiscences of his contemporaries, in particular Boswell, than by his own work. He is not much read today, and despite the efforts of Professor Robson in the excellent catalogue to make a case for Johnson the Poet, his view of life is so at odds with the current age that it is unlikely that he will return to fashion.

It is his convictions and the certainty with which he pursued

A man of many words



them that make him such a fascinating subject. He abhorred lies above all things; believed in rigid class system while admitting few men to be his intellectual equal; clung to the old religious certainties, including hellfire, in an increasingly sceptical century; was a man of rigid principles but capable of fooling himself, especially when jealousy of another poet, such

with his own account of his birth (a close run thing), moving through his early Latin exercises to a page from his Oxford diary, to his first years in London. There are now many mementoes of Johnson, most of which have come to light this century: there are few drafts of his work—he committed to paper from his prodigious memory so there was no need

for re-writes. So we see in the cases the small change of his life, while the man can best be known through the portraits and through the catalogue.

This would have infuriated him, for he had little time for research, for the superficial, the second-hand. But these days exhibitions are crash courses in biography, with most of the knowledge in the catalogue and the items for display on hand to confirm that the catalogue has

clouded his critical judgment.

Johnson's life was devoted to work—he suffered from terrible self-recrimination if he felt himself idle—and it is his work that is the subject of this exhibition. His personal life is sketched over his origins, his sudden departure from Oxford, his marriage, his relationship with Boswell, are fleetingly touched upon. Instead we move from case to case in chronological order, starting

with the retiring Thomas Gray, who shares certain attitudes with the Doctor, has provided a didactic service in inspiring this exhibition. It may be against the grain of modern museum display techniques, and pictures apart, its appeal is very much to the scholarly. But it has produced a catalogue, compiled by Kai Rin Yuan, which in many respects will be a better exhibition than to reading Johnson's novel (a success), or his play (a failure), at least to the memoirs of his reverential friends.

Antony Thornecroft at an exhibition on the life of Samuel Johnson

So Sir William Rees-Mogg, who shares certain attitudes with the Doctor, has provided a didactic service in inspiring this exhibition. It may be against the grain of modern museum display techniques, and pictures apart, its appeal is very much to the scholarly. But it has produced a catalogue, compiled by Kai Rin Yuan, which in many respects will be a better exhibition than to reading Johnson's novel (a success), or his play (a failure), at least to the memoirs of his reverential friends.

got it right. For Johnson the pictures on view contribute something to our information, but even the two volumes of the Dictionary only really make sense when you have digested the catalogue article by David Fleeman on why and how it came to be written, with Johnson reading copiously, marking passages which gave a good meaning to a word and then handing it over to six copyists who wrote out the entry on a slip of paper.

There are a few evocative exhibits—the silver tea pot from which dozens of cups were brewed each day; his will, through which his servant was his main beneficiary; and most poignant of all, the plaster-cast of his death mask, the features almost gentle without the hyperactive mind to amiriate them.

But his London is not paraded before us nor the spirit of the age called up. The gap between the documents neatly laid out for investigation—a promissory note for £10: a volume of South's sermons which will make entries for his Dictionary; lists of members of The Club—seem small beer and an inadequate memorial for the personality evoked in Reynolds' 1768 portrait of Johnson, which shows him mentally wrestling within himself. Here he is not challenging the world, but his own genius, his hands resticulating, his eyes closed. As Reynolds describes him "his mind appeared to be preying on itself; he fell into a reverie accompanied with strange antic peticulations."

Perhaps it is impossible to commemorate Johnson in a conventional display. Just as the man's personality made the most impact on his contemporaries so it is in his character, his conversation, his prejudices that his genius resides. Portraits go some way towards capturing the man (and the fact that he was painted so often is a tribute to his impact): intelligent essays, notably one in the catalogue by John Wain which tackles the problems of Johnson's faith and his belief in reason, also explain why he can be regarded among the great British Englishmen.

My television colleague Christopher Dundley dealt admirably in a recent column with the rise of the pop video on TV, and the happy variation it provides from the traditional stomp under fairy lights that constitutes pop programmes. In the video catalogue too the pop "promo" is now riding high, anthologised in cassettes like *Picture Music* (EMI), *Video Rock Attack* (Polygram) and *Video Hits - Sensation* (Precision). EMI's selection of tapes is

Rock dreams

I have this scenario, which came to me in the form of a dream the other night, for the ultimate, all-inclusive pop video.

It opens with corpses rising from a misty graveyard to the jangling falsetto of Michael Jackson's latest hit: "I'm a lychanthrope and I'm okay." The mist gradually clears to reveal, beyond the graveyard, a Swiss Alp over the top of which Boy George romps euphorically into view dressed as Julie Andrews. He has only just launched into a rock version of "The Hills are Alive" when, to a juddering camera, a nuclear bomb goes off on the horizon behind him.

The mushroom cloud's outline then turns magically into a giant keyhole through which we pass into a vast cobwebbed mansion where a vampire ball is in progress, presided over melodiously by the Strangers.

The 3-minute video then ends with a technically virtuoso sequence in which the camera helicopters up and away and we watch, amid Colour Separation Overlay graphics and to the sound of Bob Geldorf singing "I don't like Mondays," a hundred identical, luminous, garden gnomes performing a dance on the corpse of Western civilisation as we know it.

At this point I have to say that, despite what my dreams do to me, I like pop videos. And I speak as one who has been at the forefront of taste (or thinks he has) for decades now, since I've always considered commercials, pop videos' forebears, about the most advanced thing on television too. These "haiku" forms, whether 30-second jingles for toothpaste or three-minute plugs for Queen's latest single, are the seedbeds of stylistic evolution in both TV and cinema. Though they sometimes irritate with their mixture of precocity and energetic triviality, they also point the way to new techniques and new adventurousness.

currently the largest. But you often have to pan the individual anthologies carefully to sift the gold from the rubble. (As my nightmare-scenario above suggests, the pop video has already amassed its concourse of clichés, from holocaust imagery to an overdependence on sophomoric Gothicy.)

In *Soft Cell's Non-Stop Exotic Video*, for example, there is much muddling malarkey redeemed by two witty, atmospheric numbers: "Bedstiter," with its tortured bedsheets, rats prowling round the washing-up liquid and general vision of Hell as remed accommodation, and "Frustration," with its psychedelic clotheslines and hilarious come-along garden gnomes. And *The Strangers Video Collection* is likewise enlivened, just when life is needed, by the lurid heresies of "Duchess" and the brassy picture-postcard colonialism of "Golden Brown."

Although the number of "name" directors venturing into pop video is still small—John Landis, Nicolas Roeg, Derek

VIDEO

NIGEL ANDREWS

Jarman among the foremost—it's unlikely to be long before the Ridley Scotts, Dick Lester and Alan Parkers are persuaded to take a keen interest. Pop promos are an area in which "British is best" at present, and at least one director, Steve Barron, has already used his reputation as a video-maker to launch himself into feature films (with the forthcoming *Electric Dreams*, incorporating pop video techniques and iconography).

Whether the pop video can effectively spread its influence into longer forms, without succumbing to the fractured dementia of a Ken Russell, is open to question. (Alan Parker's *Pink Flloyd: The Wall* is virtually a feature-length pop video. But its style of knock-out surrealism makes it a film of picturesque pieces rather than an organised whole.)

What one can hope for chiefly from the current trend is that TV, cinema and video itself will gain new respect for the power of the image—even the image *font*—and make the old verité concert footage, with its endless low-angle shots of singers pillboxed by arc lights, a thing of the past. Or at least of the less frequent present.

F.T. CROSSWORD PUZZLE No. 5471

Crossword puzzle grid with numbers 1-30 and some filled-in letters.

A score of 210 will be given to each of the solvers of the first correct solution... Solutions will be given in the next issue of the puzzle, and addressed to the Financial Times, 10 Cannon Street, London EC4A 3DF.

Name: _____ Address: _____

ACROSS 1 Profit reported and denied (8) 2 Cable, for example, felt (7) 3 Lacking firmness, Bedfordshire town takes day off (8) 4 After, teas served to the fleet (6) 5 Follow in robberies—they are mainly for pleasure (9) 6 Like those bulls a Lapp trained... (5) 7 ... boss of the stock-farm (4) 8 Heavy coat Vincent put on (7) 9 Horse, mixed type, bare-backed (7) 10 Remedy to preserve (4) 11 Lady C. Lamb? (5) 12 Miners leader now with SE complex (4-5) 13 Peculiar desire to have one's home in here (6) 14 Savers' work—who would shorten a single thing? (6) 15 Silently contemplating fault in drinking-vessel (6) 16 Take Len's side perhaps and create unemployment (5)

DOWN 1 Left abroad—how clumsy! (6) 2 Trendy team doing a stretch... (6) 3 ... one in pen, for example—a rustic (5) 4 Sullied, in a way (3-4)

BBC 1

- 6.20 am-8.35 Open University. 8.40 The Saturday Picture Show. 10.42 Weather. 10.45 Grandstand including 1.30 News Summary, Cricket: The Benson and Hedges Cup Final from Lord's between the Warwickshire and Lancashire. Motor Racing: The John Player Special British Grand Prix from Brands Hatch. Golf: The Open—Commentary of the 113th Open Championship from St Andrews, starting from Newbury at 2.00, 2.50 and 3.00. 7.00 News. 7.10 London and Scotland—Sport: South West (Fly-mouth)—Spotlight Sport: All Other English Regions—Sport/Regional News: Wales—Sports News: Wales; Northern Ireland—Northern Ireland News and Sport. 7.15 The Saturday Film: 'Nickelodeon' (1976) starring Ryan O'Neal, Ruri Reynolds, Tarum O'Neal. 8.10 Dynasty. 10.00 International Athletics: The Oslo Games. 10.55 News and Sport. 11.10 Saturday Late Film: 'Jeremiah Johnson' (1972) starring Robert Redford.

BBC 2

- 6.25 Open University. 8.10 pm The Sky At Night. 8.30 Cricket: The Benson and Hedges Cup Final: Further coverage from Lord's with Lancashire v Warwickshire. 7.50 Prima! 7.45 Horizon Special—Beyond the Moon. 8.50 News and Sport. 9.10 "Sunday, Bloody Sunday" (1971) starring Peter Finch, Glenda Jackson and Murray Head. 10.55 Golf: The Open—Highlights on the third round of the 113th Championship. 11.55-12.20 Cricket: The Benson and Hedges Cup Final.

LONDON

- 6.25 am TV-am Breakfast Programme, 9.25 LWT Information, 9.30 Sesame Street, 10.30 No 12, 12.15 pm World of Sport, 12.50 Moto Cross—The British Solution to Puzzle No. 5470. SOLUTION AND WINNERS OF PUZZLE NO. 5465. Mrs. D. Wood, Wayside, Marple, Cheshire. Miss Beryl Wadely, 20 Model Cottages, East Sheen, London SW14. Mr J. Walters, 24 Cedar Grove, North Runcton, King's Lynn, Norfolk.

BBC 3

- 6.20 am-8.35 Open University. 8.40 The Saturday Picture Show. 10.42 Weather. 10.45 Grandstand including 1.30 News Summary, Cricket: The Benson and Hedges Cup Final from Lord's between the Warwickshire and Lancashire. Motor Racing: The John Player Special British Grand Prix from Brands Hatch. Golf: The Open—Commentary of the 113th Open Championship from St Andrews, starting from Newbury at 2.00, 2.50 and 3.00. 7.00 News. 7.10 London and Scotland—Sport: South West (Fly-mouth)—Spotlight Sport: All Other English Regions—Sport/Regional News: Wales—Sports News: Wales; Northern Ireland—Northern Ireland News and Sport. 7.15 The Saturday Film: 'Nickelodeon' (1976) starring Ryan O'Neal, Ruri Reynolds, Tarum O'Neal. 8.10 Dynasty. 10.00 International Athletics: The Oslo Games. 10.55 News and Sport. 11.10 Saturday Late Film: 'Jeremiah Johnson' (1972) starring Robert Redford.

BBC 4

- 6.20 am-8.35 Open University. 8.40 The Saturday Picture Show. 10.42 Weather. 10.45 Grandstand including 1.30 News Summary, Cricket: The Benson and Hedges Cup Final from Lord's between the Warwickshire and Lancashire. Motor Racing: The John Player Special British Grand Prix from Brands Hatch. Golf: The Open—Commentary of the 113th Open Championship from St Andrews, starting from Newbury at 2.00, 2.50 and 3.00. 7.00 News. 7.10 London and Scotland—Sport: South West (Fly-mouth)—Spotlight Sport: All Other English Regions—Sport/Regional News: Wales—Sports News: Wales; Northern Ireland—Northern Ireland News and Sport. 7.15 The Saturday Film: 'Nickelodeon' (1976) starring Ryan O'Neal, Ruri Reynolds, Tarum O'Neal. 8.10 Dynasty. 10.00 International Athletics: The Oslo Games. 10.55 News and Sport. 11.10 Saturday Late Film: 'Jeremiah Johnson' (1972) starring Robert Redford.

BBC 5

- 6.20 am-8.35 Open University. 8.40 The Saturday Picture Show. 10.42 Weather. 10.45 Grandstand including 1.30 News Summary, Cricket: The Benson and Hedges Cup Final from Lord's between the Warwickshire and Lancashire. Motor Racing: The John Player Special British Grand Prix from Brands Hatch. Golf: The Open—Commentary of the 113th Open Championship from St Andrews, starting from Newbury at 2.00, 2.50 and 3.00. 7.00 News. 7.10 London and Scotland—Sport: South West (Fly-mouth)—Spotlight Sport: All Other English Regions—Sport/Regional News: Wales—Sports News: Wales; Northern Ireland—Northern Ireland News and Sport. 7.15 The Saturday Film: 'Nickelodeon' (1976) starring Ryan O'Neal, Ruri Reynolds, Tarum O'Neal. 8.10 Dynasty. 10.00 International Athletics: The Oslo Games. 10.55 News and Sport. 11.10 Saturday Late Film: 'Jeremiah Johnson' (1972) starring Robert Redford.

PRIVATE ART COLLECTION

FINE OIL PAINTINGS and Old Master Drawings by artists of international repute, including works by: Wm Powell Frith, Harold Harvey, Arthur Hacker, J. B. Knowlton, J. E. Hodges, Efels (Dutch), Becker, Clandseer, H. G. Schnitzler, William Mellor, David Cox (W/C) 1849, Lesueur (1616-1655), Old Master Drawing, Red Chalk Drawing—presented by Mrs Gayot in 1707, Hand Painted Miniature on Ivory of Napoleon II, King of Rome, Hand Painted Miniature on Ivory of Anna Hillmayer (Mistress of Ludwig 1st), Madonna and Child, Hand Painted Miniature. VIEWING BY APPOINTMENT. Telephone 061 439 1639, Appleton Birkett, 23 Midland Road, Bramhall, Cheshire SK7 3DY.

Exhibitions

HENRY OF TENGENGE. Exceptional one man exhibition of "Shona" stone sculpture from Zimbabwe. Until 4 August. COMMONWEALTH INSTITUTE. Kensington High Street, W8. Mon-Fri 10.5-5. Sun 2-5. PABLO PICASSO. Original Ceramics, paintings and drawings, 6 June to 11 August. Nicola J. Jones, 20 Essex Street, London W1. Tel: 01-437 3488.

Art Galleries

AGNEW GALLERY, 45 Old Broad St., W1. 01-439 8178. MURPHY. Art exhibition of British Landscapes and Portraits, 1850-1850. Until 3 August. Mon-Fri 10.30-5.30. Thurs. 10.30-5.30. ALLANS-HAND EMERGED SILK. Pictures made the most delightful, different and innovative. From as little as £2.50. Unframed. Lower Ground Floor, Allans Famous Silk Shop, 58/59, Duke Street, Gloucester Square, London SW1M 6NS. 8-6 Mon-Fri, 9-1 Sat. LURLEY CASALEY, 24, Davies St., W1. 01-499 8558. 10 PRINTS—Picasso to Heidegger. Until 27 July.

Clubs

Eye has pulled the others because of his policy of fair play and value for money. Some of the best. 20 Essex Street, London W1. Tel: 01-437 3488. 189 Regent St. 01-754 6587.

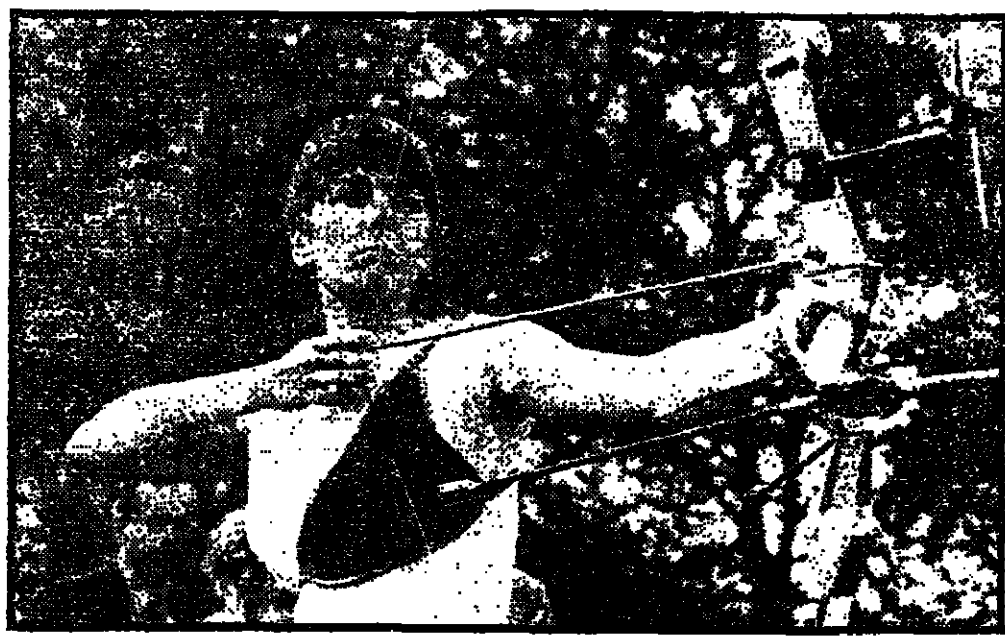
CLASSIFIED ADVERTISEMENT RATES

Table with columns: Per Line, Single Column cm, Minimum, Maximum. Includes rates for Commercial and Industrial Property, Residential Property, Appointments, Business, Investment Opportunities, Business for Sale/Wanted, Personal, Motor Cars, Hotels and Travel, Contracts and Tenders, Book Publishers. Premium positions available (Minimum size 30 column cm) £6.00 per single column cm extra. For further details write to: Classified Advertisement Manager, Financial Times, 10 Cannon Street, EC4A 3DF.

LEISURE



Game Fair attractions. Above: showing off a three month old Tawny eagle named Agel. Above right: Sue Wallis in the archery demonstration.



THE GAME FAIR which this year is at Broadlands, Romsey, from July 26-28, could best be described as an annual celebration of Country Sports. True, the accent is on what are emotively described as blood sports, but this is far from exclusive. More and more people indulge in clay pigeon shooting, tournament casting, returnable fishing and archery—all of which originated in killing animals but now are simply competitive games of skill.

GAME FAIR JOHN CHERRINGTON

are only too happy to lease out their rights for others to enjoy. And the demonstrators make it all look so easy. Jack Martin simultaneously casting with five rods when we have a job to work one properly. The silent gun dogs obediently picking up dummy pheasants on demand, without a shout or whistle. An expert shattering clay pigeons with every shot. A lady archer with a bow so modern as to have a sight and windgauge, defeating her male of the species who was missing everything with the

traditional longbow. For those whose blood sports are preferably silent, how about training a falcon (just the thing to take the landlords' partridges while you look the other way.) But of course, no Game Fair would do that. Ms. Jemima Parry Jones had an eagle literally eating out of her hand; "very easy to train," she said. To conform, the sportsman has to be dressed in kill in dark olive protective clothing, of which there is an abundance together with accessories essential to every chase. There is literally something for everyone at a Game Fair—whether it be stimulating the hunting instinct or gathering ammunition for the next attack on blood sports.

In random condition

BOOKS ARE the subject of two of the chapters in Lord Rothschild's new collection of essays, "Random Variables" (Collins £12.50). In 1937 he purchased a copy of the rare first edition of "Tom Jones" in its first issue, six volumes, original boards with pages uncut. It was a book he particularly wanted, but the dealer insisted that he should also buy part of the manuscript of Pope's "Essay on Man" as a condition of the sale.

He sued the dealer and the case was settled out of court, but it was only in 1982 that he learned the full story. The account leaves little doubt who the faker was. In another chapter the author suggests that, on the whole, rare books have not risen in value as much as is commonly believed. Using a sample of 10 items from his own collection, mostly purchased in the years before the war, he shows that for half, he would have done better in financial terms to have bought shares in Shell and held them continuously, reinvesting the dividends in the same shares. It is of course always gratifying that the pleasure of investment can be regarded as investment as well as consumption. If your taste is for drinking fine wines or for ocean

rents were falling, and agricultural land, in the absence of subsidy or protection, was being abandoned to the brambles. New capital issues were few and underwritten. Bank rate stood at 2 per cent for most of the decade. Money was fleeing the left-wing Government in France, and although the U.S. was booming under the New Deal, the fiscal deficit was horrifying. With demand for capital in depression, it was hard for the rich to find investment media. If Lord Rothschild had taken professional advice he would probably in the pre-war years have joined the crowds piling into gilts which offered 3 per cent for 20 year money on an issue price of 98.

Circus comes to town

BY THEIR COLLECTING shall ye know them... It is pleasant to discover that Lord Bernstein, who as long as anyone now living can remember has been the presiding genius of the Granada entertainment empire, has for more than 50 years collected material on great shows and showmen of the past. At 85 he has decided to part with his collection; and it is to be sold in a book sale at Sotheby's on Thursday afternoon.

COLLECTING JANET MARSH

his circular riding school, and invented the English circus. The founder-members of his company were the expert horsewoman he took as his bride, and a durable star, The Little Learned Military Horse, who had cost him five pounds at Smithfield. "This here animal," he told Mrs Astley, "has eyes, bright, lively, resolute and him-pudent, that will look at an object with a kind of disdain." London loved the creature's displays of mind-reading and lightning calculation.

essential principle of popular entertainment: "Cut the dialect and come to the 'osset'." Until the 1840s the "dialect" was cut by force majeure, the licensing laws that gave the monopoly of spoken drama to the two patent theatres of Drury Lane and Covent Garden. The "illegitimate" like Astleys were obliged to eschew talk in favour of song and burlesque. When hard-pressed by the licensing authorities they would even from time to time bring on banners, rather like the speech-balloons in comics, bearing messages like "I am coming for ever" or "Yield, base Saracen!"

BOOKS WILLIAM ST. CLAIR

He was however paying a premium for original condition. Copies of the first issue in contemporary binding were regularly available at that time for about £20. One was sold for £2. If Lord Rothschild had been content with the second issue, he could have had a copy for £1—or for 10 shillings fozed.



When eighteenth century books survive in original condition, it is because the first owners were poor or mean. If they are found undamaged, they have been neglected. Lord Rothschild's "Tom Jones" turned out to be a fake made up from two or more copies.

One of the duties of the Records Department of the Ministry of Truth, it will be recalled, was to destroy superseded works of literature. In 1984 hardly any books existed of an earlier date than 1960, and people who owned them faced vapourisation. Winston Smith's secret notebook with its smooth cretaceous paper in which he kept his illegal diary was of a type which had not been manufactured for 40 years.

From the documentary aspect, the most important section is that which deals with Astley's Amphitheatre, the singular establishment on the southern side of Westminster Bridge which brought circus to England and remained for more than a century a national institution. "Dear, dear, what a plea it looked, that Astley's!" wrote Dickens, "with all the paint, gilding and looting-glass, the vague smell of horses suggestive of coming wonders, the curtain that hid such zorgous mysteries, the clean white sawdust down in the circus..."

As the circus collection traces the story back to the beginning, in 1770, when Philip Astley, a sergeant-major and breaker-in with General Elliott's Light Horse, left the army and started a riding school, Astley's prowess as a trick rider soon persuaded him to abandon instruction for entertainment. He bought a load of scrap timber, built gallery and boxes in

As the circus collection traces the story back to the beginning, in 1770, when Philip Astley, a sergeant-major and breaker-in with General Elliott's Light Horse, left the army and started a riding school, Astley's prowess as a trick rider soon persuaded him to abandon instruction for entertainment. He bought a load of scrap timber, built gallery and boxes in

CHESS LEONARD BARDEN

PLAYING TO pattern and aiming for setpiece formations in the opening has many advantages for the inexperienced to average chessplayer. A standard move series which is effective against a variety of replies cuts down the time needed for book study, and also helps in middle game planning.

often be reached via at least three major openings — the Sicilian 1 P-K4, P-QB4; 2 N-KB3, P-Q3; 3 P-Q3, the French 1 P-K4, P-K3; 2 P-Q3, and the all-purpose 1 N-KB3. The basic formation established, White aims to advance his king's pawn to K5 and drive a wedge in the black position. The QN is then manoeuvred to the king's side via Q2, KB1, and KR2 or K3, while the K5 pawn is supported by R-K1, B-KB4, or less often by P-QB3 and P-Q4.

Black to castle QR, then attack by P-KN4 and P-KR4. 8 R-K1, P-B4; 9 P-K5, KN-Q2; 10 N-B1, N-QB3; 11 P-KR4, R-B1; 12 (N1), R2, P-Q4; 13 B-B3, N-N3; 14 N-N4, P-Q5; 15 N-N5, N-Q4; 16 B-Q2, Q-Q2; 17 B-K4! White has hardly needed to think until now. Everything has followed the schematic layout, aided by Black's dubious QN-Q4 knight manoeuvre and the black rook development at Q81 rather than the more active square QN1. White's latest move shows he realises the strength of his position and already seeks the fastest way to win. If now 17... P-KR3; 18 N-R7 followed by a bishop offer at KR8, while if 17... P-KN3; 18 P-R5 with K-N2 and R-R1 when the rook file attack soon decides. 17... BxN; 18 PxB, N(3)-K2; 19 N-B6 ch!

Bills and advertisements in the Bernstein collection trace the story back to the beginning, in 1770, when Philip Astley, a sergeant-major and breaker-in with General Elliott's Light Horse, left the army and started a riding school, Astley's prowess as a trick rider soon persuaded him to abandon instruction for entertainment. He bought a load of scrap timber, built gallery and boxes in

PROBLEM No. 525 BLACK (11 men) WHITE (8 men)

White mates in two moves, against any defence (by V. Cheplyny). A hoardful of pieces makes this a stiff test for solvers, and on an earlier publication many failed to spot the well-hidden key. The obvious check 1 P-B4 ch, Q-Q8; 2 N-R4 dis ch fails to ... P-N3. Solution Page 14

BRIDGE E. P. C. COTTER

BESIDES PLAYING many sessions of partnership bridge together, Derek Rimmington and I have collaborated in more than one book, so it is natural to suppose that we think on the same lines. We can see the improvement in the dummy play of two hands. Here is the first from a teams-of-four match:

but this was not a pairs contest, and it was not overtricks but the safety of the contract that was of paramount importance. This is the type of hand where the average player makes more tricks than his more gifted neighbour. Let us now turn to a deal from rubber bridge:

SPORT

Ben Wright reports on the British Open at St. Andrew's A new breeze from down under

JUST AS Greg Norman had emerged as the likely successor to Jack Nicklaus on the throne of golf, proving that blondes have more fun at the game, another Queenslanders has emerged, brunet Ian Baker-Finch, aged 23, to take the Old Course by the scruff of the neck and take an early halfway lead in the 113th Open Championship at St. Andrew's.

On his first visit to Europe this year he finished 20th in his first tournament, tied for fourth the following week, and in the subsequent Glasgow Classic also tied for fourth place. So he is already 47th on the money list. The foundation of his splendid round was laid on the outward half of 32 shots, four under par for that distance. He wedged close in the second hole for a birdie and got in an 8 ft putt for another at the third. Three putts from 60 ft momentarily stopped his serene progress with a bogie at the fourth, but he hit back with an impressive drive and forward shot to the green at the 640-yard 5th for his third birdie. By his own admission Baker-Finch hit a terrible six iron shot to the eighth green, but his 30 ft putt was inspired as it dropped for a two. This stimulated, he made another birdie at the ninth hole from 8 ft, and thereafter was content to be patient. He picked up birdies at the 12th and 13th holes and then scrambled his way home to put the seal on the best performance of his young life.

There are always some "no majors" who figure briefly in major championships before descending into oblivion. But although Baker-Finch is a newcomer it is doubtful whether he will go away, just as Norman, when he won his first tournament in Adelaide seven years ago refused to disappear as was expected of him as a completely unknown at the time.

Baker-Finch is a singularly impressive athlete. Although he is 6 ft 4 inches tall and, therefore, considered to be slightly too large and ungainly, he has impressive control over his swing. Last year he arrived with a bank four years after turning professional when he finished second in the Australian Open and then won its New Zealand counterpart. This season, before coming to Europe with the West Australian Open and was best in a play-off in the Nedlands Masters, in which he had his lowest ever round of nine under par 63.

Meanwhile on the road to LA...

AUSTRALIANS are not merely sports fanatics. They are rabidly infected with the notion that sport and sports prowess are the very proof of consciousness. They believe sex was invented so that single-celled organisms could flourish multicellularly and thus stage a cricket match. To an Australian, the point of stellar alchemy was that it produced Aussie Rules. This obsession with sport will reach one of its frequent climaxes in the next three weeks, as Australia struggles for gold at the Los Angeles Olympic Games.

to go round as there are sports medics and therapists offering solutions. One theory is that diet is to blame—that junk food and Australians' love of beer have sapped the nation's health. There is some evidence for this. Another belief is that sex, drugs and rock 'n' roll, plus parental prosperity and the video revolution, have debilitated, if not debauched, Australian youth. Again, there is some evidence, but a visit to one of Sydney's surf beaches, such as Bondi or Curl Curl, on a summer's afternoon swiftly reveals that the legend of the Aussie lifesaver—brave, arrogant, sun-burnt—is alive and well, which explains and tanned athletic looks are why youngsters, of whatever orientation, are joining the surf clubs in record numbers.

However, its decline as an Olympic power has been abrupt. This says something about Australia, but rather more about how the modern sporting powers, particularly the U.S. and Russia, plus a few others, have broken free from the pack and elevated many of the Olympic sports to a high-tech endeavour. Australia used to excel at the Games. In Helsinki, 1952, it won six gold medals, in 1956, when the Games were held in Melbourne, 13 gold, in Rome, in 1960, eight gold, eight silver, and six bronze. Australia was still a force to be reckoned with in Munich, in 1972, where it won six gold medals in the pool, plus two yachting gold.

It is all very Australian, but so specialised that few of the Iron Man event, in which super-built super-fit all-rounders pursue from which to doors like a kangaroo in an Olympic parade. (As it happens, Kenya is going to Los Angeles, but admits: "In lifesaving, you are competing at a national level in a sport where Australia is considered the best in the world, whereas in karate we are competing internationally in a sport where Australia is not so highly regarded.") If Australia does well at the Olympics, there will be such an array of self-congratulation Down Under that it will be heard around the globe. If it does badly, there will be a howling in the land and the sun will darken. I really couldn't say which would be worse. Michael Thompson-Noel

FINANCIAL TIMES

BRACKEN HOUSE, CANNON STREET, LONDON EC4P 4BY
Telegrams: Finantimo, London PS4. Telex: 8954871
Telephone: 01-248 8000

Saturday July 21 1984

THE U.S. DEMOCRATIC PARTY CONVENTION

The incalculable Ferraro factor

By Reginald Dale, U.S. Editor in San Francisco

The question of confidence

THE City's response to peace in the docks has been decidedly subdued: and considering how far prices fell—and how far interest rates rose—during the strike, this must be pretty disappointing to ministers. It should not be too surprising, though; they must by now be aware that their deliberately cautious approach to the central issue, the miners' strike, is not an easy one to put over either to the voting or to the investing public. The Government still clearly hopes that if Mr Scargill is given enough rope, he will strangle himself. Meanwhile, however, the public sees intimidation only gently checked, apparent concessions by the coal board, and no sign of peace.

This is equally disturbing to the supposed moderate majority who are thought to prefer peace regardless of fudge (there is remarkably little evidence that any majority does think like this), and those supporters of Mrs Thatcher who saw in her the best hope of confronting and defeating union blackmail: hence the sharp fall in Treasury support in the opinion polls and in the City. The fact that the dockers have probably succeeded in consolidating a scheme of employment which has always been an outrageous legislative bribe—paying dockers to bring home even less sense than paying miners to dig coal at a loss—looks like fudge, not victory. Indeed, the comments of dockers' leaders suggest that this may well have been a premature strike, designed to warn off any minister who might be thinking of tampering with the dock labour scheme. The retreat at Dover partly undermined this demonstration; but since it was itself a response to intimidation from drivers who wanted to keep working, the settlement can hardly be seen as a victory for law and commonsense.

U.S. growth

The City, then, does not see much to celebrate; but it would probably be in a subdued mood at the moment even if neither strike had ever started. The cause, as throughout the year, is to be sought in the U.S. Growth still seems to be going at a rate well beyond what any forecaster regarded as remotely probable, let alone sustainable. Meanwhile, U.S. industry raises its output targets and investment spending, and the U.S. Treasury seeks new ways of tempting funds from abroad to finance this continuing boom. In New York Dr Henry Kissinger, perennial pessimist, sees interest rates rising ever higher. This would indeed be probable if U.S. credit demand had to be met from internal sources. Foreign markets, which natur-

ally have a less insular view, see rather that U.S. demand is likely to suck liquidity out of their own markets, depressing prices and holding up interest rates, for the foreseeable future.

People whose thinking is still locked into our own historic obsession with the balance of payments regard the American situation as some sort of breach in the laws of nature. Surely, they argue, it is impossible for a country to run a deficit of \$100bn—a hundred thousand million dollars—year after year. Yet the exchange markets say daily that there is an international shortage of dollars.

One probable reason is that the U.S. deficit is not as big as the official figures suggest. There is a residual error in world balance of payments statistics as big as the U.S. deficit itself. For some undetected reason, the figures persistently overstate the trade deficits of the world. It is only natural to suppose that part of that overstatement applies to the U.S. deficit. But America certainly is in deficit, and certainly is attracting foreign capital. What the exchange rate tells us is that the actual deficit, whatever it may be, is not supplying enough dollars to meet world investment demand, both to buy U.S. securities and to repay debt to U.S. banks.

Indefinite

So far as the markets are concerned then, the present situation can persist indefinitely, and for two strong reasons. The U.S. is still the world's strongest and most technically advanced economy, an excellent home for funds; and U.S. borrowers can always outbid those in other countries for the available supply of credit, because they have bigger tax privileges as borrowers. The countries which supply the funds—both private and public—domestic borrowers with taxes designed to make foreign investment less attractive, as the Americans themselves used to do. But partly because they fear that this would simply push credit markets offshore—as it did when the Eurodollar market was created—and partly because they are inclined to trust markets, neither the Germans nor the Japanese are at all inclined to interfere.

The dollar's reign is likely to last quite a long longer—until American borrowers begin to feel over-exposed, or until, improbably, Mr Walter Mondale achieves his ambitions, just to ignore basic facts that reduce the superficially perceived value of a company car. These include the following: The vast majority of company cars (there are some 700,000 registered each year) are required as tools of trade by employees even when they may be managing directors. The private benefit is incidental to the main purpose of the company car which is to give flexibility of movement to salesmen, service engineers, managers and administrators in a highly complex industrial/commercial world. Those with access to a company car usually have to run a private car for household purposes as the company car is required during the working for company business. Thus in the large majority of cases the access to the company car does not reduce the employee's out-

THE HITHERTO disorientated U.S. Democratic Party has this week—almost to its own surprise—discovered new political megastar in California. But it is still not clear whether she will be able to outshine the seasoned old Hollywood campaigner, President Ronald Reagan, who will be defending a heavily fortified White House, with his unquestioned disarming charm, in November's U.S. elections.

The 48-year-old vice-presidential nominee, Ms Geraldine Ferraro, captivated the Democrats' emotional national convention that ended here on Thursday night—to the extent that she clearly risked overshadowing former Vice-President Walter Mondale, the official Democratic challenger.

Ms Ferraro, who was nominated in a landslide amid scenes of wild enthusiasm unusual even for a U.S. political convention, gave a tough, crisp performance that went even beyond the expectations of many of her devoted supporters. Mr Tip O'Neill, the Democrats' elder statesman and Speaker of the House of Representatives, called her "the perfect candidate."

Everyone is agreed that Ms Ferraro's impact throws this year's presidential race into the sort of uncertainty that had hardly been envisaged until only two weeks or so ago when it finally looked likely that Mr



At the convention: Jesse Jackson, Walter Mondale, Geraldine Ferraro and Gary Hart

hind bars, the former prosecutor told the convention in the sort of straightforward political sentiment that has for the last three years been almost the exclusive trade mark of Mr Reagan.

She is clearly capable, unlike many Democrats, of carrying the fight to Mr Reagan's own ground of simple patriotism, loyalty to the flag and the American dream. The White House has not yet quite worked out how to respond.

It is clear, however, that it will try to attack Ms Ferraro's relative inexperience and sometimes raw political judgment—rather than overtly challenging her for being a woman—as both sides battle openly for the votes of the American middle classes.

With officially registered Democrats outnumbering Republicans, it is this ground that Mr Reagan will have to hold if he is to repeat his winning performance of 1980. If he has so far seemed to be a long way ahead in the opinion polls, that has largely been due, in the view of most political experts, to Mr Mondale's weaknesses as much as his own strengths.

With the Democratic leadership looking indecisive, and even self-doubting, an even greater burden will fall on Ms Ferraro's shoulders. Amid yesterday's post-convention euphoria here, she was widely credited with having "reached out" to groups ranging from blacks and Hispanics to conservative southerners and liberal easterners. The fact remains, however, that many southerners and westerners—particularly Californians—are suspicious of her New York, blue collar credentials, which are not that different from Mr Mondale's.

The Mondale-Ferraro ticket, while balanced by her gender,

is not tailored in the traditional political or geographical sense and the Democrats still face the challenge of moving out from their bastions in the north and north-east—now sometimes disparagingly called the "rust belt"—in tribute to its declining industries—if they are to recapture a national majority.

It was left to this week's big loser, the 47-year-old still youthful-looking Senator Gary Hart from Colorado, finally to come up with the pun everyone had been trying to avoid—with the exercise of considerable restraint. "This is one Hart," he said, referring to himself with his now familiar large politician's ego, "that you will

not leave in San Francisco." After five days of flag waving, razzmatazz, and over-killing media indulgence, one of the few things clear was that Mr Mondale had finally left his Hart behind—to his own intense relief.

Until the Ferraro factor emerged, however, the convention had not prompted much confidence that Mr Mondale's Democrats are a winning team. Mr Mondale's nomination as the official presidential challenger came with as much reservation as enthusiasm, and many delegates, including some of Mr Mondale's own, already had their eyes focused on the next presidential contest in 1988.

There have been moments of genuine excitement here. Apart from Ms Ferraro, two other people captivated the conven-

tion—the Rev Jesse Jackson and Governor Mario Cuomo, like Ms Ferraro, an Italian American from New York. But the main point was that the three of them were being given star billing as potential candidates for 1988, not this November.

It is not inconceivable that Mr Mondale could defeat Mr Reagan in November—particularly if something goes seriously wrong with the U.S. economy, the banking system or the world in general—but the odds for the moment must be heavily against it. In spite of winning the official presidential nomination in a comparatively subdued but well-

He will, occasionally, unwind off screen, crack a few good jokes and roll up his sleeves like the man who is the official candidate of America's trade unions. On screen, however, he immediately reverts to a rather rigid pose in his trade mark dark suit, white shirt and red tie. (Red ties are meant to improve the white male complexion on colour TV.)

He has, as his wife Joan has put it, "Norwegian charisma." She is among the many urging him, so far unsuccessfully, to "just relax." He looks almost ten years older on television, which is how the vast majority of American voters will judge him this autumn. Even his famous "pop-eyes" seem to bulge and sag more. On Thursday night, Mr Mondale even rather embarrassingly tried to make light of his physical characteristics by asking the question "Are those bags under the eyes natural?" He answered "No, I earned them."

Such problems do not apply to Mr Hart, who would never have got as far as he had in national U.S. politics without being "telegenic." While Mr Mondale looks older than his 38 years on TV, Mr Hart looks younger, helping him in his bid to create the impression that there is a "generation gap" in the Democratic Party.

This year, the bitter Hart-Ferraro contest has in fact placed the Democrats uncomfortably between two stools. Mr Mondale showed his firm grip on the party's establishment and controlling the convention this week, while Mr Hart suc-

ceeded in being unremittingly boring. He still has not learned to manage his awkward smile properly, undermining his only too obvious efforts to imitate the late President John F. Kennedy.

That leaves the party somewhat stuck. Many Democrats believe Mr Hart's claim that it is time for a "new generation" of leadership. The problem is that while Mr Hart has obviously put his finger on something, he is just not glamorous enough to play the role, he has set himself. With his constant trimming to the political wind, and his uncertain personal background, he gives the impression, as casters would put it, of being "kinda flakey." (There is a sharp, though good natured dispute between westerners and easterners about whether the "e" should be included in "flakey." It means slightly off-beat, unreliable and somewhat questionable.)

It must be an uphill battle for these Democrats to capture proudly (treverent) California—Mr Reagan's home state and principal stronghold—despite controversially challenging him on his own turf by bringing the convention to San Francisco.

In frothy California, questions about the new issue of "gender etiquette"—whether Mr Mondale should publicly kiss Ms Ferraro, "I never touched Jimmy Carter" Mr



Many in the party are actually looking at 1988

Mondale said of his former White House partner. More seriously, the doubts about the Mondale-Ferraro ticket undermined the increasingly broad gap that is growing between East and West in the U.S.—and every state west of the Mississippi can now be counted on to vote "Republican in national elections."

So, many in the party are actually looking at 1988, not 1984, sleeping, albeit reluctantly, that neither Mr Hart nor Mr Mondale is the answer to Mr Reagan, and vaguely hoping that Mr Mondale will somehow pull off a coup between now and November.

It is almost unanimously agreed in San Francisco, however, that the best thing that Mr Mondale has done was to sign up the amazingly self-confident—and charismatic—Ms Ferraro as his running mate. Until she really stumbles, if she does, she must be the weapon that Mr Reagan least wants to face. She has certainly got off to a cracking and glamorous start this week.



Strong disagreement over the consequence in terms of votes

Mondale, noted for his caution, would take the history-making step of choosing a female running mate.

There is strong disagreement, however, over what the consequences are likely to be in terms of votes in November. Some opinion polls in the last few days suggest that Ms Ferraro is more likely to hurt than help the Democrats' chances. Many political analysts, however, argue that all traditional assumptions must be suspended while the nation observes and judges how she performs over the next 34 months.

What emerged clearly on Thursday night was that Ms Ferraro, though officially a "liberal" like Mr Mondale, can also take a strong line on issues of patriotism and law and order that will appeal to many ordinary voters outside her base in the working class Queens district of New York City. She is also coming over as reassuring to many white males who initially felt threatened by her.

Criminals should be put be-

Brother against brother

From the Group Managing Director, Steelcity

Sir,—Professor Myddelton's letter (July 18) prompts me to put, what is to me, an even more disturbing aspect of the National Union of Mineworkers' unreasonable demand to protect its jobs at everyone else's expense.

What concerns me is that operating uneconomic pits means high priced electricity too because most of our electricity is generated from coal. High priced energy makes it impossible for energy-intensive industries to compete with overseas competitors. In consequence they are forced to reduce production and make some of their employees redundant. So miners are kept in jobs at the expense of other industries—and what is the logic of that?

Perhaps it is no wonder that other unions are not finding it easy to support the NUM especially as it has not even been able to get all their own members out in support of what must be the most unnecessary and selfish strike since the war. A. L. Beard, F.O. Box 6, Guseford Hill, Workop, Notts.

Traffic to the Continent

From The Chief Executive, Euro Route.

Sir,—The dock strike highlights against the opportunity for a small group of workers to frustrate our trade with Europe, our major export market. Coming at the holiday time, the potential for disruption of traffic to the Continent is serious.

It must be recognised that over 20m people and around 14m tonnes of freight on lorries how cross the sea between Britain and the Continent.

Letters to the Editor

The size and type of a company car is usually dictated by business considerations rather than by the requirements of the individual. A fair-minded reader of the table produced in Mr Dixon's article could, I think, expect an employee to demand the option of equivalent pay to that shown rather than a company car. He would thus benefit from running his private car on company business and receiving a mileage allowance as well as higher pay.

Or, looking at it another way, would an employer take a cut in salary of the size suggested in exchange for a company car? I very much doubt it. I would have expected a journal of your quality and reputation for analysis and thoughtful judgment to have been more careful about publishing aures that seem from the context of the article to pay insufficient regard to reality. 28 daily at sh cm vb xzfd Anthony Fraser, Forbes House, Halkin Street, S.W.1.

The incubus of working

From Dr J. Williams

Sir,—What an interesting and thought-provoking article by Eleanor Wallis that was in your paper on July 18 about "Why working mothers make good managers." They do. And she makes many excellent points. Am I wrong, however, if I get an underlying feeling of misanthropy from the piece?

She said that the executive working mother has the advantages of her high socio-economic status, and can afford child minders. Surely, though, the

Letters to the Editor

The size and type of a company car is usually dictated by business considerations rather than by the requirements of the individual. A fair-minded reader of the table produced in Mr Dixon's article could, I think, expect an employee to demand the option of equivalent pay to that shown rather than a company car. He would thus benefit from running his private car on company business and receiving a mileage allowance as well as higher pay.

Or, looking at it another way, would an employer take a cut in salary of the size suggested in exchange for a company car? I very much doubt it. I would have expected a journal of your quality and reputation for analysis and thoughtful judgment to have been more careful about publishing aures that seem from the context of the article to pay insufficient regard to reality. 28 daily at sh cm vb xzfd Anthony Fraser, Forbes House, Halkin Street, S.W.1.

The incubus of working

From Dr J. Williams

Sir,—What an interesting and thought-provoking article by Eleanor Wallis that was in your paper on July 18 about "Why working mothers make good managers." They do. And she makes many excellent points. Am I wrong, however, if I get an underlying feeling of misanthropy from the piece?

She said that the executive working mother has the advantages of her high socio-economic status, and can afford child minders. Surely, though, the

Letters to the Editor

The size and type of a company car is usually dictated by business considerations rather than by the requirements of the individual. A fair-minded reader of the table produced in Mr Dixon's article could, I think, expect an employee to demand the option of equivalent pay to that shown rather than a company car. He would thus benefit from running his private car on company business and receiving a mileage allowance as well as higher pay.

Or, looking at it another way, would an employer take a cut in salary of the size suggested in exchange for a company car? I very much doubt it. I would have expected a journal of your quality and reputation for analysis and thoughtful judgment to have been more careful about publishing aures that seem from the context of the article to pay insufficient regard to reality. 28 daily at sh cm vb xzfd Anthony Fraser, Forbes House, Halkin Street, S.W.1.

The incubus of working

From Dr J. Williams

Sir,—What an interesting and thought-provoking article by Eleanor Wallis that was in your paper on July 18 about "Why working mothers make good managers." They do. And she makes many excellent points. Am I wrong, however, if I get an underlying feeling of misanthropy from the piece?

She said that the executive working mother has the advantages of her high socio-economic status, and can afford child minders. Surely, though, the

Letters to the Editor

The size and type of a company car is usually dictated by business considerations rather than by the requirements of the individual. A fair-minded reader of the table produced in Mr Dixon's article could, I think, expect an employee to demand the option of equivalent pay to that shown rather than a company car. He would thus benefit from running his private car on company business and receiving a mileage allowance as well as higher pay.

Or, looking at it another way, would an employer take a cut in salary of the size suggested in exchange for a company car? I very much doubt it. I would have expected a journal of your quality and reputation for analysis and thoughtful judgment to have been more careful about publishing aures that seem from the context of the article to pay insufficient regard to reality. 28 daily at sh cm vb xzfd Anthony Fraser, Forbes House, Halkin Street, S.W.1.

The incubus of working

From Dr J. Williams

Sir,—What an interesting and thought-provoking article by Eleanor Wallis that was in your paper on July 18 about "Why working mothers make good managers." They do. And she makes many excellent points. Am I wrong, however, if I get an underlying feeling of misanthropy from the piece?

She said that the executive working mother has the advantages of her high socio-economic status, and can afford child minders. Surely, though, the

Letters to the Editor

The size and type of a company car is usually dictated by business considerations rather than by the requirements of the individual. A fair-minded reader of the table produced in Mr Dixon's article could, I think, expect an employee to demand the option of equivalent pay to that shown rather than a company car. He would thus benefit from running his private car on company business and receiving a mileage allowance as well as higher pay.

Or, looking at it another way, would an employer take a cut in salary of the size suggested in exchange for a company car? I very much doubt it. I would have expected a journal of your quality and reputation for analysis and thoughtful judgment to have been more careful about publishing aures that seem from the context of the article to pay insufficient regard to reality. 28 daily at sh cm vb xzfd Anthony Fraser, Forbes House, Halkin Street, S.W.1.

The incubus of working

From Dr J. Williams

Sir,—What an interesting and thought-provoking article by Eleanor Wallis that was in your paper on July 18 about "Why working mothers make good managers." They do. And she makes many excellent points. Am I wrong, however, if I get an underlying feeling of misanthropy from the piece?

She said that the executive working mother has the advantages of her high socio-economic status, and can afford child minders. Surely, though, the

Letters to the Editor

The size and type of a company car is usually dictated by business considerations rather than by the requirements of the individual. A fair-minded reader of the table produced in Mr Dixon's article could, I think, expect an employee to demand the option of equivalent pay to that shown rather than a company car. He would thus benefit from running his private car on company business and receiving a mileage allowance as well as higher pay.

Or, looking at it another way, would an employer take a cut in salary of the size suggested in exchange for a company car? I very much doubt it. I would have expected a journal of your quality and reputation for analysis and thoughtful judgment to have been more careful about publishing aures that seem from the context of the article to pay insufficient regard to reality. 28 daily at sh cm vb xzfd Anthony Fraser, Forbes House, Halkin Street, S.W.1.

The incubus of working

From Dr J. Williams

Sir,—What an interesting and thought-provoking article by Eleanor Wallis that was in your paper on July 18 about "Why working mothers make good managers." They do. And she makes many excellent points. Am I wrong, however, if I get an underlying feeling of misanthropy from the piece?

She said that the executive working mother has the advantages of her high socio-economic status, and can afford child minders. Surely, though, the

Clydesdale Bank PLC

HOUSE MORTGAGE RATE

Clydesdale Bank PLC announces that with effect from Monday 23rd July 1984, its House Mortgage Rate is being increased to 13.25% per annum

ملكا من الاصل

Spill in wild

fact THE New Statesman has a leading article this week headed "Maggie's latest banana skin"



President Mitterrand and Mrs Thatcher

POLITICS TODAY If Mrs Thatcher were President...

By Malcolm Rutherford

It is a mark of how long the saga has gone on that one had to think quite hard what it could possibly be. Was it the court ruling on GCHQ Chelsea...

how much the political ground has changed in the last few years. It might also serve to encourage les autres. However, the option is not easily available.

government. He needed the far left for a time in order for the moderate left to come out on top.

It is necessary to build on it. The other is that if France can appoint someone of M Delors's stature to the Commission...

Petrol Retailing

The lottery war on the garage forecourts

By Dominic Lawson

ON MONDAY Shell is to launch the latest in a series of forecourt games that the oil industry has been showering at the motorist over the last six months.

There is, however, an important difference between the present generation of forecourt lotteries and their predecessors. Because of a change in gaming laws, it has become illegal for oil companies to demand "proof of purchase" from would-be game players...



"If you get a matching half, we give you free air and water for life."

Weekend Brief

Why the women are fighting

"DIG DEEP for the miners" says a badge doing the rounds as trade unionists pass the hat. Nothing unusual about such collections, except that this time many of the collectors are women.



perception of their situation seems to have been shaped by their experience of work. The composition of the British workforce has altered dramatically in the last two decades.

Sponsorship and the Tournament

WHAT you may ask, is the Royal Navy doing with Match-box toys, or why are police dogs chasing Lanson champagne bottles and what can The Master Butcher be up to with the Royal Horse Artillery?

Disaster galore

WILL IT ALL end with a bang, a whimper, or a co-prosperity sphere started by Japan's fears of being gradually excluded by protectionism from the West?

The Sheep Look Up

The Sheep Look Up imagines a world slowly choking to death, and very competently he writes too, about a fairly mundane subject. Yet not as well as E. M. Forster with the even slighter theme of When the Machine Stops, in which the bits and pieces of a future world gradually cease to function...

The Foghorn Wakes

Robert A. Heinlein took an upbeat look at Armageddon with The Door Into Summer, in which a nuclear war was not only survivable but winnable, by means of U.S. soldiers deep-frozen and stored in Greenland...

Disaster galore (continued)

But disaster novels do not have to be cataclysmically tedious. It is possible to make a perfectly adequate volume out of overpopulation. As John Brunner did in Stand on Zecbar, that island appears in the title to denote the area needed to stand all the people upon, shoulder to shoulder, in 2010.

BUILDING SOCIETY RATES

Table with columns for Share price, Sub'n shares, and various building society rates and terms. Includes entries for Abbey National, Aid to Thrift, Alliance, Anglia, Barnsley, Birmingham and Bridgewater, Bradford and Bingley, Britannia, Cardiff, Catholic, Century (Edinburgh), Chelsea, Cheltenham and Gloucester, Citizens Regency, City of London (The), Derbyshire, Gateway, Greenwich, Guardian, Halifax, Heart of England, Remel Hempstead, Hendon, Lambeth, Leamington Spa, Leeds and Holbeck, Leeds Permanent, Leicester, London Permanent, Midlands, Mornington, National Counties, National and Provincial, Nationwide, Newcastle, Northern Rock, Norwich, Paddington, Peckham, Portsmouth, Property Owners, Scarborough, Skipton, Stroud, Sussex County, Sussex Mutual, Thrift, Town and Country, Wessex, Woolwich, and Yorkshire.

UK COMPANY NEWS

Companies and Markets

Cowan de Groot improves to £0.88m

PROFITS HAVE continued to recover at Cowan de Groot in the 12 months to April 30, 1984. On a turnover of £2.7m lower at £26.6m, pre-tax figures climbed from £224,000 to £380,000 and Mr D. Cowan, the chairman, says the group's sound financial base and management resources makes him confident of further improvement.

potentially profitable footing by the end of the year under review. In the current year, no group trading companies are budgeted to generate losses. Loss-making companies can no longer be tolerated in the organisation, Mr Cowan states. Once more, the star performer in the group was D. Dekker which again improved its successful profit records. Its range of products continues to be welcomed by the trade and orders booked for the current year are well ahead of the corresponding figures of last year, Mr Cowan reports.

A firm reduction in operating costs, however, and a £228,000 positive swing on the interest account — mainly thanks to further trimming of stock levels — pre-tax profits have nearly quadrupled. Loss-makers have been abandoned and all subsidiaries are now on a profitable footing. All this, as the management is found of reminding itself, is a mark of the considerable discipline which has kept the group alive while toy companies around it have been collapsing. Yet mere survival is not enough to excite investors worried about the toy industry's uncertain prospects. The shares, up 1p to 36p, stand at a damning 46 per cent discount to net assets.

There are vague plans to diversify into property development or perhaps retailing, although a significant change in profile seems a long way off. Pre-tax profits should easily top £1m this year as further rationalisation benefits come through, but in its present form at least, Cowan de Groot will be lucky ever to surpass the record £2.6m it made four years ago.

Bristol Evening profits up sharply

FOLLOWING a 566,000 lift in newspaper publishing and printing at Bristol Evening Post, pre-tax profits rose sharply from £1.55m to £2.45m for the 52 weeks to the end of March 1984. Second-half profits expanded from £983,000 to £1.7m. At the halfway stage the directors said that benefits from a change to "abold" were being seen and the underlying trading position was continuing to improve.

Fate of Beazer bid for Leech to emerge today

BY RAY MAUGHAN

AFTER 59 days of hard slog, a 24-hour extension until 3.30 pm today should be sufficient to decide the fate of William Leech, the Newcastle housebuilding group, fighting to avoid succumbing to a £21.45m bid from C. H. Beazer (Holdings). Each side changed its takeover tactics radically yesterday as the bid entered what looked to be its penultimate stage. The offer was due to close by mid-afternoon but Beazer, having won that one-day extension, finally dropped its aloof disdain of market purchasers, and sent its broker, L. Mesel, into the market to buy whatever stock it could find in non-assented form.

The plan, devised by County Bank, Beazer's advisers, appeared to be running into stiff resistance last night, organised by the two other merchant banks which have had both overt and covert roles in the course of the bid. The jobbers in Leech shares calculated that Beazer had later acquired enough Leech shares to give the predator about 47.5 per cent in support of its 145p per share cash bid, but rumours of a second bidder, competing with Mesel, were quickly confirmed when Lloyds Bank International said that it had acquired 100,000 Leech shares at 145.125p per share.

Although the Stock Exchange floor is closed today, Rowe & Pitman will be in a position to execute house-bid selling orders from William Leech holders until Schroder closes its position at 3.30 pm when Beazer's offer finally closes. Beazer is still looking for substantial postal acceptances to take its holding down to 26 per cent at the request of Schroder, Leech's named adviser throughout the bid. A representative of the Takeover Panel will be on hand to supervise the final count.

Record result for Black Arrow at over £1m

Pre-tax profits of the Black Arrow Group exceeded £1m for the year to March 31, 1984, for the first time, and the chairman is confident that figure will be surpassed in the current year. The pre-tax figure for this holding company, with subsidiaries engaged in leasing, installation, finance, wholesale and retail distribution of office furniture and equipment and other activities, was £1.44m (£876,000), on turnover of £8.35m (£6.88m), restated to show income from instalment finance and leasing contracts.

Brunning lower but set for upturn

Pre-tax profits of Brunning Group held firm at around £200,000 in the second half of the year to March 31, 1984. This halted the decline of the first six months and paved the way for an upturn in 1984/85. After an exceptional item of £67,000, in respect of compensation for loss of office and redundancy payments, profits for the year under review declined from £254,000 to £462,000. However, management accounts for the first two months of the current year show a marked improvement over those for the corresponding period, and the final dividend is 2.5p net for a same again total of 4.25p.

Striking an optimistic tone in his statement Mr Geoffrey Brunning, chairman, says the group has largely completed its reorganisation programme so that its activities are concentrated almost entirely within advertising and marketing. The benefits of this restructuring can already be seen. Out of a total group turnover of £48.7m (£43.7m), the group's advertising and marketing activities accounted for £45.1m (£38.5m) and increased their profits from £480,000 to £835,000 despite absorbing all the extra costs of recruiting a number of additional senior executives and other related expenses.

On the other hand, the manufacturing and services companies, which now represent a minor part of group activities, made a loss of £182,000, due to non-recurring exceptional costs and the renegotiation of the Brunning House lease. This gives advantage forward rental terms in exchange for accepting an early start for a considerably increased rent.

Promising trend at Electronic despite setback

Pre-tax profit for the six months to March 31, 1984, at Electronic Machine, fell from £22,705 to £14,997, largely due to a loss of over £50,000 at its Britannia Tool subsidiary. But the other group companies fared well, and directors are optimistic they will be able to declare the first dividend for many years at the end of September.

Strong first half at Target Life

EXCELLENT new business figures in the first six months of 1984 are reported by Target Life — the life assurance operation of the newly-independent Target Group. New annual premiums rose 46 per cent over the period from £8.4m to £12.3m, while single premium business tripled from £13.7m to £41.1m.

The major growth area for Target Life was the individual pension market, where annual premiums on self-employed persons nearly tripled from £1.3m to £3.6m and doubled on executive pensions business from £2.1m to £4.3m.

Single premium pensions business nearly tripled from £3.9m to £11m, with much of the growth coming from the expansion of the small self-administered scheme market for company directors and executives.

Boulton & Paul

A substantial increase from £7.5m to £9.35 in pre-tax profits is reported by Boulton & Paul, a member of the BEI Group, for the year to March 31. Turnover of the structural engineer and woodworker was down however, from £96.8m to £78.4m. There was a tax charge of £3.8m against a credit of £3.3m in the previous year, and an extraordinary debit of £30,000 (£2.0m credit). Earnings per 25p share fell from 19p to 14.6p.

COMPANY NEWS IN BRIEF

The striving price for the offer for sale of 1.88m shares of Compsoft, the software house, has been met at the minimum tender price of 120p by Kleinwort, Benson. The offer for sale received 336 applications for approximately 2.35m shares. The shares will be allotted in full for applications for up to 10,000 shares and thereafter, approximately 77.5 per cent of the application. Letters of acceptance will be posted on July 25 and dealings are expected to begin in the shares on the CSM on July 26, 1984.

Real Time Control falls to £0.82m

A SECOND-HALF downturn at Real Time Control left pre-tax profits lower at £517,000 for the year to March 31, 1984, against £554,000 previously. Turnover of this maker of turnkey computer and terminal systems rose, however, from £2.9m to £3.73m. At the halfway stage the directors said that without the miners' strike and Indian problems — which reduced sales of agricultural equipment — pre-tax profits would be £7.3m in the current year.

Fenner claims improved prospects

BY ALEXANDER NICOLL

J. H. Fenner, the engineering group which is opposing a £41.7m takeover by Hawker Siddeley, argued yesterday that it is on course for profit growth and lower borrowings despite the short-term detrimental effects of the British miners' strike and civil unrest in India. Fenner said: "The Hawker bid is opportunistic and fails to take account of your company's greatly improved prospects for the forthcoming financial year."

Fenner expects to increase its dividend next year. Fenner, which makes bearing for uses including power transmission and materials handling, suffered an earnings decline in recession but says that it is now benefiting from the economic upturn and from rationalisation and reorganisation which have cost more than £20m in the last three years.

Fenner aims to reduce borrowings by up to 25m by re-establishing normal deliveries to the National Coal Board after the miners' strike, through a 10 per cent reduction in power transmission factory stocks, by a 10 per cent cut in stock levels in worldwide distribution operations, and by a 10 per cent reduction in working capital usage through tighter cash control.

Waddington wins first battle

BY RAY MAUGHAN

John Waddington, the packaging and printing group, yesterday won the first phase of its battle to issue a £5.2m rights in defence of opposition from Mr Robert Maxwell's millionaire publisher who controls British Publishing & Printing Corporation, Pergamon Press and, now, Mirror Group Newspapers.

Mr Maxwell has said that he would be prepared to accept a resolution, moderating Waddington's articles of association, which now stay as they were, but the move needed to allot stock on a pro rata basis to shareholders heading the rights call was speedily passed.

Mr Willett, a partner at stockbroker Griesevon Grant until early last year, spelt out the various options open to Mr Maxwell without giving any indications as to what avenue he may eventually choose to follow. It now seems that Mr Maxwell will wait for the result of the rights issue, deciding in the meantime how to direct his own interests, and, despite the evidence of yesterday's meeting, that a simple majority of votes are firmly against him, will again look for boardroom representation.

Swithland plans to extend offer for Midsummer Inns

BY ALEXANDER NICOLL

SWITHLAND LEISURE, a former owner of a pub and discotheque group plans on Monday to extend its offer for the real ale pub chain, Midsummer Inns, after gaining acceptances which would take its holding to 41.01 per cent.

Swithland is offering 215p per Midsummer share, valuing the offer at £1.38m and already holds 25.65 per cent. At the first closing of its offer yesterday it had received acceptances totalling a further 15.36 per cent. Greene King, the East Anglian brewer, disclosed yesterday that it had raised its holding in Midsummer to 9.5 per cent. It has been buying steadily, at prices above the Swithland bid, over the past few weeks. Greene King has taken no decision on the ultimate purpose of the purchase, and has had no talks with Swithland.

Equitable and Hambro buy office building

Hambro Life Assurance and Equitable Life Assurance of the U.S. have jointly purchased 8 Penn Center, a new Philadelphia office building, for over \$40m (£30m). The 23-storey building comprises 350,000 sq ft of floorspace and is located in the heart of Philadelphia's Penn Center office complex. The major tenant, Commonwealth Land and Title, occupies 80,000 sq ft. The acquisition is the most significant to date in the U.S. for Hambro Life. The company said yesterday that the deal illustrated its further commitment to the American real estate market, for which it operates a separate property fund.

SUMMARY OF THE WEEK'S COMPANY NEWS

Take-over bids and deals

Despite a storm of protest from Labour MPs, the National Union of Seamen and European Ferries, operators of the Townsend Thoresen ferry fleet, British Rail's Sealink subsidiary was sold to Sea Containers, the Bermuda registered U.S. container leasing company, for £60m cash. Sealink will be renamed British Ferries and a Stock Exchange listing is planned within the next three to five years. The Government will retain a "golden share" in Sealink for national defence purposes.

PRELIMINARY RESULTS

Table with columns: Company, Year to, Pre-tax profit (£000), Earnings* per share (p), Dividends* per share (p). Includes Applied Botanicals, Berisfords, BET, Bevan, D. F., Brit Build & Eng, Christie-Tyler, County Props, Davy Corp, Dixons Group, Dowdy, Ellis & Everard, Great Union Stores, Group Lotus, Hampson Ind, HAT Group, Hickling Pent, Hillard, Lee John J, Lennons Group, LOFs, MFI, Millbury, Multitone Elect, Norbaire Elect, Oceanics, Orlimans Int, Shearman, Sommerville, W, Turabull Scott, Victoria Carpets, Vinten, Weifman.

INTERIM STATEMENTS

Table with columns: Company, Half-year to, Pre-tax profit (£000), Interim dividends* per share (p). Includes Blundell Peem, Bullough, Dew, George, Eurotherm, First Leisure, Hunterprint, Gastetner Hlgs, Kershaw, A, Lovell, Y. J., Pratt, F.

Rights Issues

Applied Botanicals—To raise £1.7m through a rights issue on the basis of six new shares at 51p and £1 nominal stock at par for every 31 shares in issue. Brown Shipley—To raise £8.02m through a one for five rights issue at 280p per share. LOFs—To raise £8.6m through a rights issue on the basis of four new preference shares at 4p for every 25p ordinary shares held. National Westminster Bank—To raise £236m through a one for two rights issue at 200p per share. Thorn—To raise £140m through a one for five rights issue.

Scrap Issues

Ellis & Everard—One for two. Wight Collins Rutherford Scott Holdings—One for one.

Offers for sale, placings and introductions

Berkeley Group—USM placing of 1.47m shares at 85p per share. Hill Woolpack—Has raised £3m through a placing of 2m shares at 150p each. Pearson Webb—To join Stock Exchange through a placing of 1.4m shares at 21p per share.

Table with columns: Company bid for, Value of bid per share, Market share, Price before bid, Value of bid, Bidder. Includes Aquis Securities, Coleman Milne, Comben, Cope Allman, Covydes, De Vere Hotels, Fenner (J. H.), Grindlays, Hadland, Initial, Kintu Kelias, Leech (Wm).

UK COMPANIES

Companies and Markets

INTERNATIONAL COMPANIES and FINANCE

RESULTS DUE NEXT WEEK

ICI took the City by surprise with bumper first quarter profits, leading forecasters to revise upwards their numbers for the three months to the end of June, for which results will be revealed on Thursday.

ICI's current fortunes depend more on the markets than on its own efforts. The interim results for the period to the end of June, due on Friday, should reflect a modest increase in North Sea oil and gas production, though ICI will lose out from redetermination—the process by which partners in different fields adjust the shares due to each of them as a field is exploited.

Following Marks and Spencer's caution at its recent AGM, the progress of the store's clothing sales in the first half, the City is expecting no great fireworks from Nottingham Manufacturing, when it reports on the six months to June on Monday.

Overall, the City is expecting a modest increase in North Sea oil and gas production, though ICI will lose out from redetermination—the process by which partners in different fields adjust the shares due to each of them as a field is exploited.

ICI's current fortunes depend more on the markets than on its own efforts. The interim results for the period to the end of June, due on Friday, should reflect a modest increase in North Sea oil and gas production, though ICI will lose out from redetermination—the process by which partners in different fields adjust the shares due to each of them as a field is exploited.

ICI's current fortunes depend more on the markets than on its own efforts. The interim results for the period to the end of June, due on Friday, should reflect a modest increase in North Sea oil and gas production, though ICI will lose out from redetermination—the process by which partners in different fields adjust the shares due to each of them as a field is exploited.

ICI's current fortunes depend more on the markets than on its own efforts. The interim results for the period to the end of June, due on Friday, should reflect a modest increase in North Sea oil and gas production, though ICI will lose out from redetermination—the process by which partners in different fields adjust the shares due to each of them as a field is exploited.

ICI's current fortunes depend more on the markets than on its own efforts. The interim results for the period to the end of June, due on Friday, should reflect a modest increase in North Sea oil and gas production, though ICI will lose out from redetermination—the process by which partners in different fields adjust the shares due to each of them as a field is exploited.

FCA shows sharp decline in second quarter income

Mr Charles Knapp, the chairman, said yesterday that the mortgage loan market during the second quarter continued to be intensely competitive and mortgage rates in general lagged behind the rapid rise in the cost of funds, placing increased pressure on profit margins.

The group's American Savings and Loan subsidiary, which operates 122 branches in California, produced a "record" \$4.3bn of deposit growth, providing the company with the funds necessary to continue its strategic growth policy.

Mr Charles Knapp, the chairman, said yesterday that the mortgage loan market during the second quarter continued to be intensely competitive and mortgage rates in general lagged behind the rapid rise in the cost of funds, placing increased pressure on profit margins.

Mr Charles Knapp, the chairman, said yesterday that the mortgage loan market during the second quarter continued to be intensely competitive and mortgage rates in general lagged behind the rapid rise in the cost of funds, placing increased pressure on profit margins.

Mr Charles Knapp, the chairman, said yesterday that the mortgage loan market during the second quarter continued to be intensely competitive and mortgage rates in general lagged behind the rapid rise in the cost of funds, placing increased pressure on profit margins.

Mr Charles Knapp, the chairman, said yesterday that the mortgage loan market during the second quarter continued to be intensely competitive and mortgage rates in general lagged behind the rapid rise in the cost of funds, placing increased pressure on profit margins.

Mr Charles Knapp, the chairman, said yesterday that the mortgage loan market during the second quarter continued to be intensely competitive and mortgage rates in general lagged behind the rapid rise in the cost of funds, placing increased pressure on profit margins.

Mr Charles Knapp, the chairman, said yesterday that the mortgage loan market during the second quarter continued to be intensely competitive and mortgage rates in general lagged behind the rapid rise in the cost of funds, placing increased pressure on profit margins.

Mr Charles Knapp, the chairman, said yesterday that the mortgage loan market during the second quarter continued to be intensely competitive and mortgage rates in general lagged behind the rapid rise in the cost of funds, placing increased pressure on profit margins.

Nissan net hit by price cutting

Net sales rose 5.8 per cent to ¥4,308bn from ¥4,070bn, though the pre-tax return on sales fell from 4.8 per cent to 2.8 per cent. Profits before tax and extraordinary items dropped 37.1 per cent, to ¥121.9bn from ¥194bn.

Net sales rose 5.8 per cent to ¥4,308bn from ¥4,070bn, though the pre-tax return on sales fell from 4.8 per cent to 2.8 per cent. Profits before tax and extraordinary items dropped 37.1 per cent, to ¥121.9bn from ¥194bn.

Net sales rose 5.8 per cent to ¥4,308bn from ¥4,070bn, though the pre-tax return on sales fell from 4.8 per cent to 2.8 per cent. Profits before tax and extraordinary items dropped 37.1 per cent, to ¥121.9bn from ¥194bn.

Net sales rose 5.8 per cent to ¥4,308bn from ¥4,070bn, though the pre-tax return on sales fell from 4.8 per cent to 2.8 per cent. Profits before tax and extraordinary items dropped 37.1 per cent, to ¥121.9bn from ¥194bn.

Net sales rose 5.8 per cent to ¥4,308bn from ¥4,070bn, though the pre-tax return on sales fell from 4.8 per cent to 2.8 per cent. Profits before tax and extraordinary items dropped 37.1 per cent, to ¥121.9bn from ¥194bn.

Net sales rose 5.8 per cent to ¥4,308bn from ¥4,070bn, though the pre-tax return on sales fell from 4.8 per cent to 2.8 per cent. Profits before tax and extraordinary items dropped 37.1 per cent, to ¥121.9bn from ¥194bn.

Net sales rose 5.8 per cent to ¥4,308bn from ¥4,070bn, though the pre-tax return on sales fell from 4.8 per cent to 2.8 per cent. Profits before tax and extraordinary items dropped 37.1 per cent, to ¥121.9bn from ¥194bn.

Net sales rose 5.8 per cent to ¥4,308bn from ¥4,070bn, though the pre-tax return on sales fell from 4.8 per cent to 2.8 per cent. Profits before tax and extraordinary items dropped 37.1 per cent, to ¥121.9bn from ¥194bn.

Net sales rose 5.8 per cent to ¥4,308bn from ¥4,070bn, though the pre-tax return on sales fell from 4.8 per cent to 2.8 per cent. Profits before tax and extraordinary items dropped 37.1 per cent, to ¥121.9bn from ¥194bn.

Alcoa upsurge continues

Earnings rose from \$34.6m or 43 cents a share to \$112.8m or \$1.38 in the latest quarter, taking profits for the first six months to \$210.6m or \$2.58 a share against just \$20.3m or 24 cents.

Earnings rose from \$34.6m or 43 cents a share to \$112.8m or \$1.38 in the latest quarter, taking profits for the first six months to \$210.6m or \$2.58 a share against just \$20.3m or 24 cents.

Earnings rose from \$34.6m or 43 cents a share to \$112.8m or \$1.38 in the latest quarter, taking profits for the first six months to \$210.6m or \$2.58 a share against just \$20.3m or 24 cents.

Earnings rose from \$34.6m or 43 cents a share to \$112.8m or \$1.38 in the latest quarter, taking profits for the first six months to \$210.6m or \$2.58 a share against just \$20.3m or 24 cents.

Earnings rose from \$34.6m or 43 cents a share to \$112.8m or \$1.38 in the latest quarter, taking profits for the first six months to \$210.6m or \$2.58 a share against just \$20.3m or 24 cents.

Earnings rose from \$34.6m or 43 cents a share to \$112.8m or \$1.38 in the latest quarter, taking profits for the first six months to \$210.6m or \$2.58 a share against just \$20.3m or 24 cents.

Earnings rose from \$34.6m or 43 cents a share to \$112.8m or \$1.38 in the latest quarter, taking profits for the first six months to \$210.6m or \$2.58 a share against just \$20.3m or 24 cents.

Earnings rose from \$34.6m or 43 cents a share to \$112.8m or \$1.38 in the latest quarter, taking profits for the first six months to \$210.6m or \$2.58 a share against just \$20.3m or 24 cents.

Earnings rose from \$34.6m or 43 cents a share to \$112.8m or \$1.38 in the latest quarter, taking profits for the first six months to \$210.6m or \$2.58 a share against just \$20.3m or 24 cents.

QAF makes reverse bid for Straits offshoot

STRAITS STEAMSHIP of Singapore yesterday announced details of a \$588m (U.S.\$271m) deal under which QAF Holdings, the Brunel company backed by the Sultanate royal family, acquires a stock market listing in Singapore and Kuala Lumpur through a reverse takeover of Ben and Company, a Straits subsidiary.

STRAITS STEAMSHIP of Singapore yesterday announced details of a \$588m (U.S.\$271m) deal under which QAF Holdings, the Brunel company backed by the Sultanate royal family, acquires a stock market listing in Singapore and Kuala Lumpur through a reverse takeover of Ben and Company, a Straits subsidiary.

STRAITS STEAMSHIP of Singapore yesterday announced details of a \$588m (U.S.\$271m) deal under which QAF Holdings, the Brunel company backed by the Sultanate royal family, acquires a stock market listing in Singapore and Kuala Lumpur through a reverse takeover of Ben and Company, a Straits subsidiary.

STRAITS STEAMSHIP of Singapore yesterday announced details of a \$588m (U.S.\$271m) deal under which QAF Holdings, the Brunel company backed by the Sultanate royal family, acquires a stock market listing in Singapore and Kuala Lumpur through a reverse takeover of Ben and Company, a Straits subsidiary.

STRAITS STEAMSHIP of Singapore yesterday announced details of a \$588m (U.S.\$271m) deal under which QAF Holdings, the Brunel company backed by the Sultanate royal family, acquires a stock market listing in Singapore and Kuala Lumpur through a reverse takeover of Ben and Company, a Straits subsidiary.

STRAITS STEAMSHIP of Singapore yesterday announced details of a \$588m (U.S.\$271m) deal under which QAF Holdings, the Brunel company backed by the Sultanate royal family, acquires a stock market listing in Singapore and Kuala Lumpur through a reverse takeover of Ben and Company, a Straits subsidiary.

STRAITS STEAMSHIP of Singapore yesterday announced details of a \$588m (U.S.\$271m) deal under which QAF Holdings, the Brunel company backed by the Sultanate royal family, acquires a stock market listing in Singapore and Kuala Lumpur through a reverse takeover of Ben and Company, a Straits subsidiary.

STRAITS STEAMSHIP of Singapore yesterday announced details of a \$588m (U.S.\$271m) deal under which QAF Holdings, the Brunel company backed by the Sultanate royal family, acquires a stock market listing in Singapore and Kuala Lumpur through a reverse takeover of Ben and Company, a Straits subsidiary.

STRAITS STEAMSHIP of Singapore yesterday announced details of a \$588m (U.S.\$271m) deal under which QAF Holdings, the Brunel company backed by the Sultanate royal family, acquires a stock market listing in Singapore and Kuala Lumpur through a reverse takeover of Ben and Company, a Straits subsidiary.

Ninth quarterly loss for Allis-Chalmers

ALLIS-CHALMERS, the Milwaukee-based firm and process machinery manufacturer, posted its ninth successive quarterly loss in the second quarter of this year, although it trimmed the deficit to \$12.5m from \$18.5m in the preceding three months.

ALLIS-CHALMERS, the Milwaukee-based firm and process machinery manufacturer, posted its ninth successive quarterly loss in the second quarter of this year, although it trimmed the deficit to \$12.5m from \$18.5m in the preceding three months.

ALLIS-CHALMERS, the Milwaukee-based firm and process machinery manufacturer, posted its ninth successive quarterly loss in the second quarter of this year, although it trimmed the deficit to \$12.5m from \$18.5m in the preceding three months.

ALLIS-CHALMERS, the Milwaukee-based firm and process machinery manufacturer, posted its ninth successive quarterly loss in the second quarter of this year, although it trimmed the deficit to \$12.5m from \$18.5m in the preceding three months.

ALLIS-CHALMERS, the Milwaukee-based firm and process machinery manufacturer, posted its ninth successive quarterly loss in the second quarter of this year, although it trimmed the deficit to \$12.5m from \$18.5m in the preceding three months.

ALLIS-CHALMERS, the Milwaukee-based firm and process machinery manufacturer, posted its ninth successive quarterly loss in the second quarter of this year, although it trimmed the deficit to \$12.5m from \$18.5m in the preceding three months.

ALLIS-CHALMERS, the Milwaukee-based firm and process machinery manufacturer, posted its ninth successive quarterly loss in the second quarter of this year, although it trimmed the deficit to \$12.5m from \$18.5m in the preceding three months.

ALLIS-CHALMERS, the Milwaukee-based firm and process machinery manufacturer, posted its ninth successive quarterly loss in the second quarter of this year, although it trimmed the deficit to \$12.5m from \$18.5m in the preceding three months.

ALLIS-CHALMERS, the Milwaukee-based firm and process machinery manufacturer, posted its ninth successive quarterly loss in the second quarter of this year, although it trimmed the deficit to \$12.5m from \$18.5m in the preceding three months.

Conrail boosts profits

CONSOLIDATED Rail Corp. (Conrail), the north-eastern railroad company which has been put up for sale by the U.S. Government, has reported a sparkling 84 per cent increase in second quarter net earnings to \$178.9m or \$6.61 a share on revenues of \$778.3m, compared to \$97.3m or \$3.66 a share on revenues of \$778.3m last time.

CONSOLIDATED Rail Corp. (Conrail), the north-eastern railroad company which has been put up for sale by the U.S. Government, has reported a sparkling 84 per cent increase in second quarter net earnings to \$178.9m or \$6.61 a share on revenues of \$778.3m, compared to \$97.3m or \$3.66 a share on revenues of \$778.3m last time.

CONSOLIDATED Rail Corp. (Conrail), the north-eastern railroad company which has been put up for sale by the U.S. Government, has reported a sparkling 84 per cent increase in second quarter net earnings to \$178.9m or \$6.61 a share on revenues of \$778.3m, compared to \$97.3m or \$3.66 a share on revenues of \$778.3m last time.

CONSOLIDATED Rail Corp. (Conrail), the north-eastern railroad company which has been put up for sale by the U.S. Government, has reported a sparkling 84 per cent increase in second quarter net earnings to \$178.9m or \$6.61 a share on revenues of \$778.3m, compared to \$97.3m or \$3.66 a share on revenues of \$778.3m last time.

CONSOLIDATED Rail Corp. (Conrail), the north-eastern railroad company which has been put up for sale by the U.S. Government, has reported a sparkling 84 per cent increase in second quarter net earnings to \$178.9m or \$6.61 a share on revenues of \$778.3m, compared to \$97.3m or \$3.66 a share on revenues of \$778.3m last time.

CONSOLIDATED Rail Corp. (Conrail), the north-eastern railroad company which has been put up for sale by the U.S. Government, has reported a sparkling 84 per cent increase in second quarter net earnings to \$178.9m or \$6.61 a share on revenues of \$778.3m, compared to \$97.3m or \$3.66 a share on revenues of \$778.3m last time.

CONSOLIDATED Rail Corp. (Conrail), the north-eastern railroad company which has been put up for sale by the U.S. Government, has reported a sparkling 84 per cent increase in second quarter net earnings to \$178.9m or \$6.61 a share on revenues of \$778.3m, compared to \$97.3m or \$3.66 a share on revenues of \$778.3m last time.

CONSOLIDATED Rail Corp. (Conrail), the north-eastern railroad company which has been put up for sale by the U.S. Government, has reported a sparkling 84 per cent increase in second quarter net earnings to \$178.9m or \$6.61 a share on revenues of \$778.3m, compared to \$97.3m or \$3.66 a share on revenues of \$778.3m last time.

CONSOLIDATED Rail Corp. (Conrail), the north-eastern railroad company which has been put up for sale by the U.S. Government, has reported a sparkling 84 per cent increase in second quarter net earnings to \$178.9m or \$6.61 a share on revenues of \$778.3m, compared to \$97.3m or \$3.66 a share on revenues of \$778.3m last time.

New Triumph-Adler chief

VOLKSWAGEN, the West German motor group, is sending in one of its own executives to take charge of Triumph-Adler after the sudden departure of Dr Pieter Niedner.

VOLKSWAGEN, the West German motor group, is sending in one of its own executives to take charge of Triumph-Adler after the sudden departure of Dr Pieter Niedner.

VOLKSWAGEN, the West German motor group, is sending in one of its own executives to take charge of Triumph-Adler after the sudden departure of Dr Pieter Niedner.

VOLKSWAGEN, the West German motor group, is sending in one of its own executives to take charge of Triumph-Adler after the sudden departure of Dr Pieter Niedner.

VOLKSWAGEN, the West German motor group, is sending in one of its own executives to take charge of Triumph-Adler after the sudden departure of Dr Pieter Niedner.

VOLKSWAGEN, the West German motor group, is sending in one of its own executives to take charge of Triumph-Adler after the sudden departure of Dr Pieter Niedner.

VOLKSWAGEN, the West German motor group, is sending in one of its own executives to take charge of Triumph-Adler after the sudden departure of Dr Pieter Niedner.

VOLKSWAGEN, the West German motor group, is sending in one of its own executives to take charge of Triumph-Adler after the sudden departure of Dr Pieter Niedner.

VOLKSWAGEN, the West German motor group, is sending in one of its own executives to take charge of Triumph-Adler after the sudden departure of Dr Pieter Niedner.

Further fall at Amdahl

AMDAHL, a major U.S. manufacturer of IBM-compatible mainframe computers, yesterday reported a further setback in earnings, reflecting lower than planned volume in some international markets and unfavourable exchange rates.

AMDAHL, a major U.S. manufacturer of IBM-compatible mainframe computers, yesterday reported a further setback in earnings, reflecting lower than planned volume in some international markets and unfavourable exchange rates.

AMDAHL, a major U.S. manufacturer of IBM-compatible mainframe computers, yesterday reported a further setback in earnings, reflecting lower than planned volume in some international markets and unfavourable exchange rates.

AMDAHL, a major U.S. manufacturer of IBM-compatible mainframe computers, yesterday reported a further setback in earnings, reflecting lower than planned volume in some international markets and unfavourable exchange rates.

AMDAHL, a major U.S. manufacturer of IBM-compatible mainframe computers, yesterday reported a further setback in earnings, reflecting lower than planned volume in some international markets and unfavourable exchange rates.

AMDAHL, a major U.S. manufacturer of IBM-compatible mainframe computers, yesterday reported a further setback in earnings, reflecting lower than planned volume in some international markets and unfavourable exchange rates.

AMDAHL, a major U.S. manufacturer of IBM-compatible mainframe computers, yesterday reported a further setback in earnings, reflecting lower than planned volume in some international markets and unfavourable exchange rates.

Swiss bank lifts interim earnings

MORE than satisfactory results are expected for the current year by Swiss Bank Corporation. In 1983, the bank booked a 16.1 per cent rise in net profits to SwFr 429m (\$177m).

MORE than satisfactory results are expected for the current year by Swiss Bank Corporation. In 1983, the bank booked a 16.1 per cent rise in net profits to SwFr 429m (\$177m).

MORE than satisfactory results are expected for the current year by Swiss Bank Corporation. In 1983, the bank booked a 16.1 per cent rise in net profits to SwFr 429m (\$177m).

MORE than satisfactory results are expected for the current year by Swiss Bank Corporation. In 1983, the bank booked a 16.1 per cent rise in net profits to SwFr 429m (\$177m).

MORE than satisfactory results are expected for the current year by Swiss Bank Corporation. In 1983, the bank booked a 16.1 per cent rise in net profits to SwFr 429m (\$177m).

MORE than satisfactory results are expected for the current year by Swiss Bank Corporation. In 1983, the bank booked a 16.1 per cent rise in net profits to SwFr 429m (\$177m).

MORE than satisfactory results are expected for the current year by Swiss Bank Corporation. In 1983, the bank booked a 16.1 per cent rise in net profits to SwFr 429m (\$177m).

Watch on Dutch pension fund

ALGEMEEN Burelijck Pensioenfonds (ABP), the largest Dutch pension fund, with assets of more than Fl 100bn, may in future have to inform the Interior Minister in the Hague of all major decisions, both financial and administrative.

ALGEMEEN Burelijck Pensioenfonds (ABP), the largest Dutch pension fund, with assets of more than Fl 100bn, may in future have to inform the Interior Minister in the Hague of all major decisions, both financial and administrative.

ALGEMEEN Burelijck Pensioenfonds (ABP), the largest Dutch pension fund, with assets of more than Fl 100bn, may in future have to inform the Interior Minister in the Hague of all major decisions, both financial and administrative.

ALGEMEEN Burelijck Pensioenfonds (ABP), the largest Dutch pension fund, with assets of more than Fl 100bn, may in future have to inform the Interior Minister in the Hague of all major decisions, both financial and administrative.

ALGEMEEN Burelijck Pensioenfonds (ABP), the largest Dutch pension fund, with assets of more than Fl 100bn, may in future have to inform the Interior Minister in the Hague of all major decisions, both financial and administrative.

ALGEMEEN Burelijck Pensioenfonds (ABP), the largest Dutch pension fund, with assets of more than Fl 100bn, may in future have to inform the Interior Minister in the Hague of all major decisions, both financial and administrative.

ALGEMEEN Burelijck Pensioenfonds (ABP), the largest Dutch pension fund, with assets of more than Fl 100bn, may in future have to inform the Interior Minister in the Hague of all major decisions, both financial and administrative.

Table with columns: Company, Announcement date, Dividend (p) Last year, Dividend (p) This year, Final Int.

Table with columns: AIR PRODUCTS AND CHEMICALS, BIG THREE IND, COMBUSTION ENGINEERING, DOMSTAR, PFIZER, TRANSAMERICA, FINANCIAL SERVICES, WASHINGTON POST, WASTE MANAGEMENT.

Table with columns: COMMONWEALTH EDISON, ENGLANDER, GILLETTE, TEXTRON.

Table with columns: WASTE MANAGEMENT, WASHINGTON POST, PFIZER, DOMSTAR, COMBUSTION ENGINEERING, BIG THREE IND, AIR PRODUCTS AND CHEMICALS.

Table with columns: F and C Eurotrust, Security Control Holdings, Single Group, Britanni Assurance, Fleming Cleverly Investments, Ivory and Sims, Pesticol Construction.

Table with columns: BRUNSWICK, BLACK AND DECKER, ALLEGHENY INTL, AMFAC.

Table with columns: COX COMMUNICATIONS, COMMONWEALTH EDISON, ENGLANDER, GILLETTE, TEXTRON.

Table with columns: WASTE MANAGEMENT, WASHINGTON POST, PFIZER, DOMSTAR, COMBUSTION ENGINEERING, BIG THREE IND, AIR PRODUCTS AND CHEMICALS.

BIDS AND DEALS IN BRIEF

Morgan Crucible Company, through its U.S. subsidiary Morganite, has acquired the mechanical carbon seal business of the Union Carbide Corporation for \$1.7m. The deal involves the sale of 1.5 million shares in the company, currently located in Greenville, South Carolina, which will be relocated to Duesseldorf, North Carolina, the headquarters of Morganite.

Economic Diary

TOMORROW: Department for National Savings monthly progress report (June). Fortieth anniversary of the foundation of the IMF and World Bank. MONDAY: CBI/FT survey of distributive trades (end-June). EEC foreign ministers' meeting in Brussels (until Tuesday). TUESDAY: Bricks and cement production (second quarter). Burnham committee meets on teachers' pay. NES white-collar pay talks. British Gas and CMAI Aviation Authority publish annual report.

Associated Newspapers Holdings p.l.c.

Table with columns: Year ended 30th Sept 1983, Half-year ended 31st March 1984, Consolidated Statement of Earnings.

REINSURANCE

The Financial Times proposes to publish a survey on the above subject on Monday, 3rd September. For further details and advertising rates please contact: Nigel Pullman, Financial Times, Bracken House, 10 Cannon Street, London EC4P 4BY. Telephone: 01-248 8000.

Granville & Co. Limited

Table with columns: 27/78 Lovat Lane London EC3R 8EB, Telephone 01-621 1212, Over-the-Counter Market.

MONTAGU

Montagu Financial Services, 11 Devonshire Square, EC2M 4YR. 01-522 4272. Daily Dealing Prices. As at 20th July 1984.

RENTALS

every WEDNESDAY OR SATURDAY. To advertise phone: 01-248 5284. DIANE STEWARD

Companies and Markets

CURRENCIES, MONEY and CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar firm

The dollar was firmer in currency markets yesterday and its trade weighted index equalled the record high attained on Wednesday of 136.9 up from 136.8 on Thursday. Demand for the dollar was based on rumours that next week's U.S. second quarter GNP figures would be revised upwards, giving rise to fears of firmer U.S. interest rates in order to control any possible increase in money supply and inflation.

Table with columns for currency, July 20 rate, and Note Rates. Includes entries for Argentina, Australia, Brazil, Canada, etc.

OTHER CURRENCIES

Table with columns for currency, July 20 rate, and Note Rates. Includes entries for Australian Dollar, Deutsche Mark, French Franc, etc.

EXCHANGE CROSS RATES

Table with columns for currency, July 20 rate, and Note Rates. Includes entries for Pound Sterling, U.S. Dollar, Deutsche Mark, etc.

In the dock strike helped sterling. It lost ground against the DM 3.7775 and SwFr 3.2025 compared with SwFr 3.1875. Against the yen it rose to Y223.75 from points but improved against the DM 3.7825 and SwFr 3.2025 compared with SwFr 3.1875.

THE POUND SPOT AND FORWARD

Table with columns for currency, July 20 rate, and Note Rates. Includes entries for UK, Ireland, Netherlands, etc.

THE DOLLAR SPOT AND FORWARD

Table with columns for currency, July 20 rate, and Note Rates. Includes entries for U.S., Canada, Netherlands, etc.

Rates ease

UK interest rates were easier yesterday on news of a probable settlement in the UK dock strike and sterling's better performance. The softer tone showed little true depth, however, with background concern over the possibility of firmer U.S. interest rates and the continuing miners' strike inhibiting any concerted downward move.

Weekend interbank money opened at 12 1/2 per cent and a low of 10 per cent before firming towards the close to 13 per cent. Three-month interbank money was quoted at 11 1/2-12 1/2 per cent compared with 12 1/2-13 per cent on Thursday.

LONDON MONEY RATES

Table with columns for currency, July 20 rate, and Note Rates. Includes entries for Overnight, 2 days notice, 7 days notice, etc.

Discount Houses Deposit and Bill Rates

Table with columns for currency, July 20 rate, and Note Rates. Includes entries for Treasury (Buy), Treasury (Sell), etc.

FT LONDON INTERBANK FIXING

Table with columns for currency, July 20 rate, and Note Rates. Includes entries for London Interbank Fixing, Three months U.S. dollars, etc.

The Bank forecast a shortage of around £150m with factors maturing assistance and a take up of Treasury bills together totalling £77m. There was also the unwinding of previous sale and repurchase agreements which account for a further £302m and there was a rise in the note circulation of £245m.

EURO-CURRENCY INTEREST RATES

Table with columns for currency, July 20 rate, and Note Rates. Includes entries for Short term, 7 days notice, 1 month, etc.

WEEKLY PRICE CHANGES

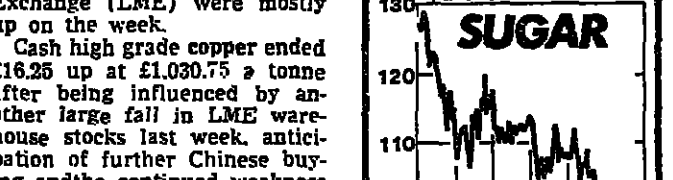
Table with columns for commodity, latest price, change on week, year ago, high, low. Includes entries for Metals, Grains, Spices, etc.

COMMODITIES AND AGRICULTURE

World sugar price hits 21-month low

Values on the London Metal Exchange (LME) were mostly up on the week. Cash high grade copper ended £16.25 up at £1,030.75 a tonne after being influenced by another large fall in LME warehouse stocks last week.

SUGAR



Values on the London Metal Exchange (LME) were mostly up on the week. Cash high grade copper ended £16.25 up at £1,030.75 a tonne after being influenced by another large fall in LME warehouse stocks last week.

AMERICAN MARKETS

NEW YORK, July 20. Gold and silver values came under pressure from the heavy new crop ton indications that the U.S. Federal Reserve is maintaining a tight monetary policy aimed at keeping interest rates high and restricting economic growth.

Table with columns for commodity, close, high, low, prev. Includes entries for Aluminum, Cocoa, Coffee, etc.

LONDON OIL

After opening a dollar lower, the gas oil market traded in a narrow range throughout morning with trade active on both sides. Later the downward trend was resumed and the market made new lows for the fourth day running.

GAS OIL FUTURES

Table with columns for commodity, July 20 rate, and Note Rates. Includes entries for Arabian Light, Arabi Heavy, etc.

SPOT PRICES

Table with columns for commodity, July 20 rate, and Note Rates. Includes entries for Arabian Light, Arabi Heavy, etc.

BASE METALS

But the market strengthened yesterday afternoon on renewed concern about the lack of good quality West African cocoa beans in European markets and the September price, which had slipped to £1,744.50 a tonne at one time, ended £5 up on balance at £1,782.50 a tonne.

COPPER

Table with columns for commodity, July 20 rate, and Note Rates. Includes entries for Copper, Aluminum, etc.

ALUMINUM

Table with columns for commodity, July 20 rate, and Note Rates. Includes entries for Aluminum, Nickel, etc.

NICKEL

Table with columns for commodity, July 20 rate, and Note Rates. Includes entries for Nickel, Silver, etc.

SILVER

Table with columns for commodity, July 20 rate, and Note Rates. Includes entries for Silver, Lead, etc.

COFFEE

Table with columns for commodity, July 20 rate, and Note Rates. Includes entries for Coffee, Pigmeat, etc.

PIGMEAT

Table with columns for commodity, July 20 rate, and Note Rates. Includes entries for Pigmeat, Potatoes, etc.

POTATOES

Table with columns for commodity, July 20 rate, and Note Rates. Includes entries for Potatoes, Grains, etc.

GRAINS

Table with columns for commodity, July 20 rate, and Note Rates. Includes entries for Grains, Wheat, etc.

INDICES

Table with columns for index, July 20 rate, and Note Rates. Includes entries for Financial Times, Reuters, etc.

Journalist

STOCK EXCHANGE DEALINGS

Details of business done shown below have been taken with consent from the Thursday's Stock Exchange Official List and should not be reproduced without permission. Details relate to these securities not included in the FT Share Information Services. Unless otherwise indicated, denominations are 25p and prices are in pence. The prices are those which the business was done in the hours up to 3.30 pm on Thursday and settled through the Stock Exchange teletrans system.

STERLING ISSUES BY FOREIGN GOVERNMENTS
Australian (Comm) of 11/20/2015
Canada 1984-85 of 11/20/2000
France 1984-85 of 11/20/2000
Germany 1984-85 of 11/20/2000
Italy 1984-85 of 11/20/2000
Japan 1984-85 of 11/20/2000
Spain 1984-85 of 11/20/2000
Switzerland 1984-85 of 11/20/2000
UK 1984-85 of 11/20/2000

COMMERCIAL INDUSTRIAL
A-B
AAM Hides 5000 (11/20/2015)
AC Corp 1000 (11/20/2015)
Admiral 1000 (11/20/2015)
AEG 1000 (11/20/2015)
AEG 1000 (11/20/2015)

CORPORATION AND COUNTY
Greater London Council 1984-85
Greater London Council 1984-85
Greater London Council 1984-85
Greater London Council 1984-85
Greater London Council 1984-85

C-E
EIS G 4000 (11/20/2015)
EIS G 4000 (11/20/2015)
EIS G 4000 (11/20/2015)
EIS G 4000 (11/20/2015)
EIS G 4000 (11/20/2015)

F-H
H&M 1000 (11/20/2015)
H&M 1000 (11/20/2015)
H&M 1000 (11/20/2015)
H&M 1000 (11/20/2015)
H&M 1000 (11/20/2015)

I-L
L&L 1000 (11/20/2015)
L&L 1000 (11/20/2015)
L&L 1000 (11/20/2015)
L&L 1000 (11/20/2015)
L&L 1000 (11/20/2015)

M-N
N&N 1000 (11/20/2015)
N&N 1000 (11/20/2015)
N&N 1000 (11/20/2015)
N&N 1000 (11/20/2015)
N&N 1000 (11/20/2015)

O-P
P&P 1000 (11/20/2015)
P&P 1000 (11/20/2015)
P&P 1000 (11/20/2015)
P&P 1000 (11/20/2015)
P&P 1000 (11/20/2015)

Q-R
R&R 1000 (11/20/2015)
R&R 1000 (11/20/2015)
R&R 1000 (11/20/2015)
R&R 1000 (11/20/2015)
R&R 1000 (11/20/2015)

S-T
T&T 1000 (11/20/2015)
T&T 1000 (11/20/2015)
T&T 1000 (11/20/2015)
T&T 1000 (11/20/2015)
T&T 1000 (11/20/2015)

UK PUBLIC BONDS
Agricultural Mortgage 1984-85
Agricultural Mortgage 1984-85
Agricultural Mortgage 1984-85
Agricultural Mortgage 1984-85
Agricultural Mortgage 1984-85

FOREIGN STOCKS
Canada 1984-85
Canada 1984-85
Canada 1984-85
Canada 1984-85
Canada 1984-85

COMMONWEALTH GOVT.
New Zealand 1984-85
New Zealand 1984-85
New Zealand 1984-85
New Zealand 1984-85
New Zealand 1984-85

FINANCIAL TRUSTS
Alliance International 1984-85
Alliance International 1984-85
Alliance International 1984-85
Alliance International 1984-85
Alliance International 1984-85

INSURANCE
Commercial Union Assurance 1984-85
Commercial Union Assurance 1984-85
Commercial Union Assurance 1984-85
Commercial Union Assurance 1984-85
Commercial Union Assurance 1984-85

INVESTMENT TRUSTS
American Trust 1984-85
American Trust 1984-85
American Trust 1984-85
American Trust 1984-85
American Trust 1984-85

PLANTATIONS
Amalgamated Plantations 1984-85
Amalgamated Plantations 1984-85
Amalgamated Plantations 1984-85
Amalgamated Plantations 1984-85
Amalgamated Plantations 1984-85

RULE 163 (2)
Applications granted for specific
bargains in securities not listed
on any exchange.

BANKS DISCOUNT
Bank of America 1984-85
Bank of America 1984-85
Bank of America 1984-85
Bank of America 1984-85
Bank of America 1984-85

BREWERIES
Allied-Lion 1984-85
Allied-Lion 1984-85
Allied-Lion 1984-85
Allied-Lion 1984-85
Allied-Lion 1984-85

UTILITIES
American International 1984-85
American International 1984-85
American International 1984-85
American International 1984-85
American International 1984-85

UNIT TRUSTS
M and G Gold Fund 1984-85
M and G Gold Fund 1984-85
M and G Gold Fund 1984-85
M and G Gold Fund 1984-85
M and G Gold Fund 1984-85

MINES-SOUTH AFRICA
East London 1984-85
East London 1984-85
East London 1984-85
East London 1984-85
East London 1984-85

PROPERTY
Alliance Property 1984-85
Alliance Property 1984-85
Alliance Property 1984-85
Alliance Property 1984-85
Alliance Property 1984-85

UNLISTED SECURITIES
Amalgamated Securities 1984-85
Amalgamated Securities 1984-85
Amalgamated Securities 1984-85
Amalgamated Securities 1984-85
Amalgamated Securities 1984-85

RULE 163 (4) (a)
Bargains marked in securities
where principal market is outside
the UK and Republic of
Ireland. Quotation has not been
granted in London and dealings
are not recorded in the Official
List.

WATER WORKS
Bournemouth District Water 1984-85
Bournemouth District Water 1984-85
Bournemouth District Water 1984-85
Bournemouth District Water 1984-85
Bournemouth District Water 1984-85

W-Y-Z
W&W 1000 (11/20/2015)
W&W 1000 (11/20/2015)
W&W 1000 (11/20/2015)
W&W 1000 (11/20/2015)
W&W 1000 (11/20/2015)

WATER WORKS
Bournemouth District Water 1984-85
Bournemouth District Water 1984-85
Bournemouth District Water 1984-85
Bournemouth District Water 1984-85
Bournemouth District Water 1984-85

WATER WORKS
Bournemouth District Water 1984-85
Bournemouth District Water 1984-85
Bournemouth District Water 1984-85
Bournemouth District Water 1984-85
Bournemouth District Water 1984-85

WATER WORKS
Bournemouth District Water 1984-85
Bournemouth District Water 1984-85
Bournemouth District Water 1984-85
Bournemouth District Water 1984-85
Bournemouth District Water 1984-85

WATER WORKS
Bournemouth District Water 1984-85
Bournemouth District Water 1984-85
Bournemouth District Water 1984-85
Bournemouth District Water 1984-85
Bournemouth District Water 1984-85

WATER WORKS
Bournemouth District Water 1984-85
Bournemouth District Water 1984-85
Bournemouth District Water 1984-85
Bournemouth District Water 1984-85
Bournemouth District Water 1984-85

WATER WORKS
Bournemouth District Water 1984-85
Bournemouth District Water 1984-85
Bournemouth District Water 1984-85
Bournemouth District Water 1984-85
Bournemouth District Water 1984-85

LONDON TRADED OPTIONS
Table with columns for CALLS and PUTS, including Option, July, Oct., Jan., and prices.

EUROPEAN OPTIONS EXCHANGE
Table with columns for Series, Vol., Aug., Last, Vol., Nov., Last, Vol., Feb., Last, Stock.

FT-CITY COURSE
LONDON
11 October - 29 November 1984
Over 3,000 managers and trainees from some 750 organisations representing all sectors of finance and industry have attended this course arranged jointly by the Financial Times and the City University Business School.

AUTHORISED UNIT TRUSTS

Table listing various unit trusts such as British Group-Continued, Abbey Unit Tr. Mgrs. (a), High Income, and others, with columns for fund names, managers, and performance metrics.

FT UNIT TRUST INFORMATION SERVICE

Main table of unit trusts including sections for Key Fund Managers Ltd. (a)(g), Perpetual Unit Trust Mgmt. (a)(z), Pacific Unit Trusts, and many others, providing detailed fund information.

Advertisement for 'This space....' offering advertising opportunities in the 'Your Savings and Investments' pages, including contact information for Hugh Sutton.

Continuation of the FT Unit Trust Information Service table, listing various unit trusts and their details.

Handwritten signature or mark at the bottom center of the page.

INSURANCE, OVERSEAS & MONEY FUNDS

Self-insured

Table of insurance and overseas funds including Liberty Life Assurance Co Ltd, National Provident Institution, and various international investment funds.

Table of insurance and overseas funds including Swiss Life Assurance Co Ltd, Zurich American Life Insurance Co, and various international investment funds.

Table of insurance and overseas funds including Sun Life of Canada, Swiss Life Assurance Co Ltd, and various international investment funds.

Table of money market and trust funds including Money Market Trust Funds, Money Market Bank Accounts, and various international investment funds.

OFFSHORE AND OVERSEAS

Text describing offshore and overseas investment opportunities and services.

NOTES section providing additional information and disclaimers regarding the fund data.

FT LONDON SHARE INFORMATION SERVICE

2 Day Management Training Programmes. Time Manager Stress Manager. time manager international

BRITISH FUNDS

Table of British Funds with columns for Name, Shares, Price, and Yield.

Five to Fifteen Years

Table of funds categorized by 5 to 15 year maturity.

Over 15 Years

Table of funds categorized by over 15 year maturity.

Undated

Table of undated funds.

Index-Linked

Table of index-linked funds.

CORPORATION BONDS

Table of Corporation Bonds.

COMMONWEALTH AND AFRICAN BONDS

Table of Commonwealth and African Bonds.

LOANS

Table of Loans.

Public Board and Ind.

Table of Public Board and Ind.

Financial

Table of Financial data.

FOREIGN BONDS & RAILS

Table of Foreign Bonds & Rails.

AMERICANS

Table of American stocks.

CANADIANS

Table of Canadian stocks.

BANKS, HP & LEASING

Table of Banks, HP & Leasing.

INT. BANK AND O'SEAS GOVT STERLING ISSUES

Table of International Bank and Overseas Govt Sterling Issues.

BEERS, WINES & SPIRITS

Table of Beers, Wines & Spirits.

DRAPERY AND STORES

Table of Drapery and Stores.

BEERS, WINES & SPIRITS

Table of Beers, Wines & Spirits.

BEERS, WINES & SPIRITS

Table of Beers, Wines & Spirits.

BEERS, WINES & SPIRITS

Table of Beers, Wines & Spirits.

DRAPERY AND STORES

Table of Drapery and Stores.

ELECTRICALS

Table of Electricals.

CHEMICALS, PLASTICS

Table of Chemicals, Plastics.

DRAPERY AND STORES

Table of Drapery and Stores.

BEERS, WINES & SPIRITS

Table of Beers, Wines & Spirits.

BEERS, WINES & SPIRITS

Table of Beers, Wines & Spirits.

ENGINEERING - Continued

Table of Engineering stocks.

INDUSTRIALS (Miscel.)

Table of Industrial (Miscellaneous) stocks.

FOOD, GROCERIES, ETC

Table of Food, Groceries, etc.

ENGINEERING

Table of Engineering stocks.

HOTELS AND CATERERS

Table of Hotels and Caterers.

HOTELS AND CATERERS

Table of Hotels and Caterers.

Handwritten signature or note at the bottom of the page.

July 21, 1984

INDUSTRIALS—Continued

Table of industrial stocks including companies like British Airways, British Petroleum, and British Telecom, with columns for stock price, high, low, and volume.

LEISURE—Continued

Table of leisure stocks including companies like British Airways, British Petroleum, and British Telecom, with columns for stock price, high, low, and volume.

PROPERTY—Continued

Table of property stocks including companies like British Airways, British Petroleum, and British Telecom, with columns for stock price, high, low, and volume.

INVESTMENT TRUSTS—Cont.

Table of investment trusts including companies like British Airways, British Petroleum, and British Telecom, with columns for stock price, high, low, and volume.

OIL AND GAS—Continued

Table of oil and gas stocks including companies like British Airways, British Petroleum, and British Telecom, with columns for stock price, high, low, and volume.



MINES—Continued

Table of mining stocks including companies like British Airways, British Petroleum, and British Telecom, with columns for stock price, high, low, and volume.

MOTORS, AIRCRAFT TRADES

Motors and Cycles

Commercial Vehicles

Components

Garages and Distributors

SHIPPING

SHOES AND LEATHER

SOUTH AFRICANS

TEXTILES

TOBACCO

TRUSTS, FINANCE, LAND

PROPERTY

INSURANCES

LEISURE

NEWSPAPERS, PUBLISHERS

PAPER, PRINTING ADVERTISING

PROPERTY

INSURANCES

LEISURE

PROPERTY

INSURANCES

LEISURE

PROPERTY

INSURANCES

LEISURE

PROPERTY

INSURANCES

LEISURE

PROPERTY

INSURANCES

LEISURE

Main body of the financial page containing various stock market data, including company names, stock prices, and financial metrics across multiple columns.

Tins

Miscellaneous

PLANTATIONS

Rubbers, Palm Oil

Teas

Central Rand

Eastern Rand

Far West Rand

O.F.S.

Finance

Diamond and Platinum

Central African

Regional & Irish Stocks

Options 3-month call rates

Recent Issues and Rights

Recent Issues and Rights

Recent Issues and Rights

Recent Issues and Rights

Recent Issues and Rights

Recent Issues and Rights

Recent Issues and Rights

Recent Issues and Rights

Recent Issues and Rights

Recent Issues and Rights

Recent Issues and Rights

Recent Issues and Rights

Recent Issues and Rights

Recent Issues and Rights

Recent Issues and Rights

Recent Issues and Rights

Recent Issues and Rights

Recent Issues and Rights

Recent Issues and Rights

Recent Issues and Rights

Recent Issues and Rights

Recent Issues and Rights

Recent Issues and Rights

Recent Issues and Rights

Recent Issues and Rights

Recent Issues and Rights

Recent Issues and Rights

Recent Issues and Rights

Recent Issues and Rights

Recent Issues and Rights

Recent Issues and Rights

Recent Issues and Rights

Recent Issues and Rights

Recent Issues and Rights

Recent Issues and Rights

Recent Issues and Rights

Recent Issues and Rights

Recent Issues and Rights

Recent Issues and Rights

Recent Issues and Rights

Recent Issues and Rights

Recent Issues and Rights

Recent Issues and Rights

expansion, (ik'apanshen), n. a risky game that can be highly profitable. To maximise chances of success, move to Southampton and gain major benefits. [C17: from New Latin expansionem heavenly opportunity]. For details telephone... 0724 869494

MAN IN THE NEWS

Europe's committed crusader

BY DAVID HOUSEGO

A LITTLE TIRED, a watery smile on his face, M Jacques Delors, the outgoing French Finance Minister, yesterday handed over control of the French Treasury to M Pierre Berégovoy, his successor. In a brief ceremony in the gilded rooms of the Rue de Rivoli, M Berégovoy paid tribute to him in saying that over the past three years he had left "his personal stamp on the economic life of France and on the policy of the government."

Will the same be said of M Delors' four year tenancy of the Presidency of the European Commission that begins on January 1? M Delors' appointment marks a return to the tradition of strong and imaginative heads of the Commission in the style of Walter Hallstein



Jacques Delors

and Roy Jenkins after a period of weak leadership. It comes at a time when the EEC has finally rid itself of the demoralising quarrel over the British budget contribution and when a new momentum has sprung up in Europe towards closer economic and political collaboration.

M Delors is a long-time foot soldier of the European cause. A former chairman of the European Parliament's economic and monetary commission, the man in the French Government who did most to prevent France pulling out of the EMS in March 1963, and who as Minister of Finance during the six months in which France held the Presidency of the EEC has since fought hard to ensure the operation of the EMS. He comes to his new job with the enthusiasm of a militant crusader.

"I am a European by conviction and now through necessity," he said yesterday. He believes that on Europe's ability to work together and transform itself industrially and economically hangs its "survival or its decline."

For the British and West German governments who canvassed for M Delors' appointment, his immediate task to bring Community control to "Margaret (Thatcher) can count on me to master the Budget," he said jokingly yesterday, "if she can master her strikers." On a more serious note, he insists that Budget control must not be at the expense of industrial and social innovation. M Delors does not see his job as being simply Europe's accountant.

Though he subscribes to the goals of political union sketched out at the Fontainebleau summit last month, he believes that this is a long-term objective. The immediate priority is to strengthen economic and political collaboration. He can be expected to push hard for further opening up Europe's internal market.

He would like to see Britain join the EMS thus providing Europe with three reserve currencies in the DM, the franc and the pound. It would be better, he says, to work towards a strengthening of the EMS with Britain inside the system.

Because of the Byzantine manoeuvrings of President Mitterand's cabinet reshuffling, M Delors only heard the news that he would be going to Brussels late on Tuesday afternoon—in fact after the Financial Times had received confirmation of it. The post of President of the EEC Commission is one that he had long coveted but he believed beyond his reach because of his role in the French government and because of his age. He yesterday celebrated his 59th birthday.

A final snapshot. As he walked into the sunlit courtyard of the Ministry of Finance yesterday after handing over to M. Berégovoy, secretaries leaning in of the upper windows warmly applauded him. A spontaneous gesture to a "grand patron."

Howe blames Argentina for collapse of Berne talks

BY KEVIN BROWN IN LONDON AND ANTHONY McDERMOTT IN BERNE

THE GOVERNMENT yesterday blamed a change of heart by Argentina for the collapse of talks on normalising relations between London and Buenos Aires, broken off after the Falklands War two years ago.

The Argentine Government brought the talks to an abrupt and premature end by failing to proceed upon the basis that had been clearly agreed, Sir Geoffrey Howe, the Foreign Secretary, told the Commons. The talks were held in Berne and a statement issued after the 13 hours of abortive discussions, which broke up on Thursday night, indicated that a huge gap still remained between the two sides.

The communiqué was drafted by Brazil, which looks after Argentina's interests in London, and Switzerland, which oversees Britain's interests in Buenos Aires.

"The Argentine side," he says, "repeated that it was necessary to discuss... the establishment of a mechanism under which sovereignty over the islands could be undertaken." Britain, by contrast, "reaffirmed that Her Majesty's Government was not disposed to enter into discussions on the questions of sovereignty."

Argentina made it clear that it would not consider other aspects of normalisation "as long as it remained impossible to discuss means of tackling the sovereignty question."

Meanwhile, Sir Pante Caputo, Argentina's Foreign Minister, speaking in Buenos Aires, blamed what he called Britain's "irresponsible" attitude for the

breakdown. In his Commons statement, Sir Geoffrey said Britain "complained scrupulously" with an arrangement reached through the Swiss government. This stipulated any request by Argentina to discuss sovereignty would be refused and followed by talks on other issues.

Britain had offered to discuss commercial and financial links, air services and a visit to the Falkland Islands by relatives of Argentine war dead.

But the Argentine negotiators had insisted on discussing sovereignty too. "The Argentines had to live with the consequences of the fact that it was they who used force in invading at a time when we were negotiating in good faith," Sir Geoffrey said.

Mr Denis Healey, the Shadow Foreign Secretary, said Britain might have "missed the bus" by delaying too long in opening talks. Sovereignty would have to be discussed eventually, and the Government could not refuse for every talk to a democratic government.

MPs on both sides called for British recognition of the moves made by the democratic government in Argentina, and the pressure on it from authoritarian elements within the country.

In Berne, Switzerland strongly defended its role in bringing Argentina and Britain together. Mr Edouard Brunner, the Swiss Secretary of State at the Foreign Ministry, said that he had not expected much more. The importance of the talks

had been that both parties had "expressed strong desire to meet" and had eventually met face to face.

Switzerland hoped that moves towards the normalisation of relations would continue. There were, however, no plans for further talks at present.

Martin Andersen adds from Buenos Aires. Sr Caputo told the Lower House of Congress on Thursday night that the sovereignty issue was central to Argentine willingness to talk and that Britain's attitude was irresponsible and had not been serious. Argentina would concede nothing which could jeopardise its sovereignty claim.

Robert Graham writes: The mutual recriminations fail to explain how a carefully agreed formula for the meeting collapsed so quickly. The positions of both Britain and Argentina had been meticulously exchanged via Switzerland and Brazil.

One theory being advanced was that President Raúl Alfonsín of Argentina decided to break off the meeting in this way to demonstrate a tough public stance on concessions to Britain at a time when Argentina is close to an agreement with Chile over the Beagle Channel.

The Beagle agreement equals concessions by Argentina to its historic rival, and these could prove difficult to "sell" to domestic opinion. If so, hints from Argentina officials yesterday that the talks with Britain could be resumed in a low key might have some substance.

Ministers in united attack on Scargill

By Peter Riddell and John Lloyd

THE GOVERNMENT yesterday appealed to miners to follow the dockers back to work, as senior ministers renewed their concerted attack on Mr Arthur Scargill, the NUM president.

Mr Norman Tebbit, the Trade and Industry Secretary, argued in a speech in Dorset that the time had come for such a move. "If they will not return to work, the very least that should happen is for the National Coal Board to offer to be put to the ballot," he said.

All the signs in Whitehall are that the Cabinet is now resigned to a long strike and is seeking to rally public opinion by isolating Mr Scargill and discrediting Mr Neil Kinnock, the Labour leader, by association with him. Mr Ian MacGregor, the NCB chairman, is known to be unhappy with this tactic. He believes, as do many of his officials, that attacks by a Conservative Cabinet on the NUM president will call forth loyalty from rank-and-file miners at a time when that loyalty might be severely strained.

Mr MacGregor's view is that Mr Scargill is much more anxious for a settlement than his public pronouncements indicate, although having not encouraged such exaggerated expectations among his own militant supporters that he dare not settle for anything less than total victory.

The NCB chairman was surprised by the amiability of the lengthy, but ultimately unsuccessful, talks on Wednesday. He detects in that changed atmosphere an indication that a compromise may yet be possible. However, such a solution may be blocked if the issue now turns into a largely political battle.

This sharp divergence of view reflects the worsened relations between Government and NCB. Ministers are impatient with the lack of success in talks and are convinced that the NCB has made a poor showing in publicity terms. Mr Alex Fletcher, a junior Trade and Industry Minister, went so far as to forecast last night that the miners' strike is likely to continue for some time, perhaps until Christmas.

Echoing the invocation of the Falklands spirit by Mrs Thatcher on Thursday evening, he claimed there was "a strong similarity between Mr Scargill and General Galtieri, of Argentina."

"They both believe in intimidation, in substituting the force of persuasion with the persuasion of force," he predicted that Mr Scargill will suffer the same fate as General Galtieri. His threats, his lies will not even save his own job. He will fail and he will be ousted."

The Falklands simile and Mrs Thatcher's talk of "the enemy within" has infuriated Labour leaders. Mr Kinnock said in a BBC interview yesterday that the Prime Minister's remarks were prompted by "panic and hysteria."

The Labour leader argued that a settlement could be reached "in a very short time." He said it was necessary to keep the pits open in view of very high unemployment in the coalfields. Other Labour leaders accused Mrs Thatcher of being "insulting and offensive" in comparing the miners to the Argentine junta.

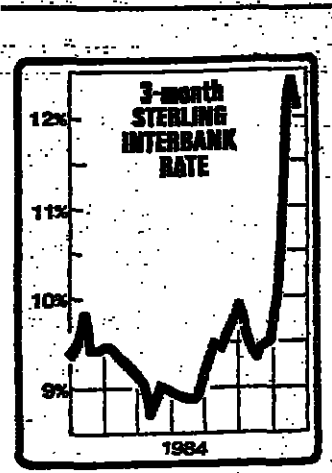
Whitehall officials yesterday quickly put a gloss on Mrs Thatcher's remarks to Conservative back-benchers on Thursday, saying that her reference to "the enemy within" was not intended to denote all miners, but just a minority of militants.

A central theme of speeches and interviews yesterday by Mr Tebbit, Mr Tom King, the Employment Secretary, and Mr John Gummer, the Conservative Party chairman, was that the dispute is no longer about the coal industry but is a politically-motivated attempt to break the Government's tactic is now to go on the offensive in speeches and interviews. Mrs Thatcher's advisers believe that Mr Kinnock is in a difficult position and can be isolated.

Politics today, Page 17

Two strikes but no sparks

Index rose 11.5 to 776.2



The City's summer torpor must infuriate the senior partners of stockbroking firms—forced to look at the low volume of business available to support their fixed costs—but perhaps it has served a useful purpose this last week. Drowsy markets have at least avoided over-reacting, in either direction, to the dock strike and its resolution.

So far as equities are concerned, the institutions' palate appeared fairly jaded yesterday. This was reasonable enough; although the dock strike was potentially far more damaging to the economy than trench warfare in the coalfields, its end simply allowed the markets' attention to drift back towards Mr Scargill. And while the threat of still higher bank interest rates had receded by the end of the week, the effects of earlier increases could still be seen hanging over the economy for months ahead.

This dull pessimism about equities may easily turn out to be excessive if the remaining strike is settled without a winter crunch, and if world interest rates do not climb higher. For the present it has equally becalmed the market in gilt-edged, although the latest shock of tablets did no positive damage yesterday afternoon, despite being aimed yet again at short-maturity securities than the liabilities which investing institutions want their gilt-holdings to match. There is so little expectation of being offered a really long stock by the Government Broker that fund managers feel there may be more chance of the actuaries changing the definition of length than of the GB selling them a 30-year bond.

Meanwhile, the brokers Fielding, Newson-Smith have managed to turn their face away from the summer doldrums by signing up for a well-beeled future with the National Westminster Bank—which looks a timely preparation for the coming Stock Exchange upheaval.

The straightforward broker-dealers, meanwhile, have seen off the suggestion that they should have to expose all orders to a market maker. Block trading business might well flourish alongside the trading activity of the committed market makers and the traditional agent's role should still be profitable for plenty of brokers.

The technological subtleties of the Stock Exchange Automated Quotation System (SEAQ) look essential to defining the role of different parties

in the market. Clients, for example, will theoretically have access to less information via a SEAQ screen than will user firms. This might cause problems in practice and it will surely need some time for the exact role of SEAQ itself. But at least members and users of the Stock Exchange can now begin to see problems like this in some sort of context—which should help, too, in the debate over SEAQ's implications for investor protection.

Minet

More than 1,500 members of the Lloyd's insurance market have until Tuesday to make up their minds over a controversial £38m offer from Minet Holdings. The deal—conditional on 100 per cent acceptance—is designed to compensate them for the loss of funds which Minet alleges to have been misappropriated by former executives of the group.

The offer looked a tidy way out of a difficult problem. Members would be funded immediately for a set amount which might take years to recover in the courts. Yet as the offer remained open, more disadvantages than advantages appeared. There was a lack of precision over the amount of money which had gone missing, the loss of interest was not discussed in the offer document, the tax implications—all members face a hefty tax bill whether they accept the offer or not—were not spelled out.

Conflicting interests were as usual at the root of the problem. Minet had asked the underwriting members to waive their legal rights, and assign them to another company in which Minet has an interest. This has raised the suspicion among some underwriting members that Minet is acting in the better interests of its shareholders rather than of the underwriting members.

Lloyd's should now insist, the affairs of the underwriting members affected by the problem are managed by an independent agency company, with an outside chairman, and a boardroom and shareholding structure controlled by outsiders. The Howden affair offers a precedent.

Underwriters should not accept the offer unless forced to do so by Lloyd's solvency requirements. Minet meanwhile should think of an alternative to its present unsatisfactory arrangements.

Gas privatisation Bill delayed

BY OUR POLITICAL EDITOR

LEGISLATION TO allow the privatisation of British Gas can be held up for at least a year, largely because of delaying tactics by Mr Peter Walker, the Energy Secretary, and Sir Denis Rooke, the British Gas chairman.

An enabling Bill covering British Gas was pencilled in last year as one of the main measures for the coming 1984/1985 parliamentary session. However, this Bill has dropped off the list for November's Queen's Speech, now nearing completion. The Treasury has been press-

ing for increased competition in the areas covered by British Gas's operations, partly via the disposal of some of its activities.

Both Mr Walker and Sir Denis had made no secret of their opposition to such a break-up and their preference for the flotation of British Gas as an integrated, though regulated, operation.

They have succeeded in postponing the main decisions by the Cabinet. These have already been held up by the miners' strike, which has preoccupied the relevant ministers and officials.

The Treasury privately concedes that progress has been very slow on the British Gas issue, though ministers and officials believe that some movement is at last happening.

It was significant that Mr John Moore, financial secretary to the Treasury, felt able to reiterate in his speech on privatisation last Wednesday that: "There is a firm commitment to increase competition in and attract private capital into the gas and electricity industries." The privatisers hope that a firm decision will be reached later this year, leading to legislation in the 1985-86 session.

IBM lifts stake in satellite venture

BY PAUL TAYLOR IN NEW YORK

INTERNATIONAL Business Machines, the largest computer manufacturer, will acquire a controlling interest in Satellite Business Systems, the U.S. telecommunications company.

Through an agreement announced yesterday, Comsat, the satellite communications company, is withdrawing from SBS, a joint venture with IBM and Aetna Life and Casualty.

IBM and Aetna confirmed yesterday that they are holding discussions with other companies and are seeking a partner in place of Comsat.

Comsat's move had been expected in view of SBS's continuing losses and heavy requirements of capital. Under the terms of a preliminary deal announced yesterday, IBM would acquire for an undisclosed sum 80 per cent of Comsat's 33.3 per cent interest

in SBS, with Aetna acquiring the rest of Comsat's stake. This will leave IBM with a 60 per cent stake.

The three partners have invested more than \$1bn (£755m) in SBS since it was set up in 1980. Although its revenues have grown sharply, the joint venture has continued to report heavy losses. SBS provides business communications, including a public long-distance telephone service at cut prices and called Skyline, which was launched last January.

SBS reported a \$123.1m loss last year on revenues of \$141.5m—compared to a \$122m loss on revenues of \$93m in 1982.

Comsat, whose net earnings after tax were reduced by \$24m to \$50m last year by its losses attributable to SBS, said yesterday that it had taken the

decision to withdraw from the partnership despite "great confidence" in SBS's future.

"This will also provide Aetna and IBM greater flexibility, if they choose to seek new partners with financial resources and business interests that are compatible with the future course of SBS," Comsat said. No financial details of the plan were disclosed, though Comsat said the sale was likely to give it an after-tax gain of about \$15m.

SBS has been undergoing a big review, including substantial job cuts, under Mr Stephen Schwartz, an IBM veteran who took over as president in January.

A proposal for altering the equity could pose a serious dilemma for the U.S. Federal Communications Commission, which must rule on the deal.

CHIEF PRICE CHANGES YESTERDAY

Table with columns for RISES and FALLS, listing various commodities and their price changes.

WORLDWIDE WEATHER

Table with columns for location, weather conditions, and temperature.

Continued from Page 1

GrandMet

cent market share. Much of its recent growth, however, has come from the highly successful introduction in the U.S. of unbranded "generic" cigarettes.

Its profits before tax reached \$60m in the year to last September, sales of \$562m, contributing about 40 per cent of GrandMet's profits from consumer products in the U.S. At the time of the original announcement, Grand Metropolitan said it was seeking to sell the U.S. tobacco business to concentrate investment on other consumer products in the U.S.

Grand Met U.S.'s other non-tobacco interests include foods, pet foods, soft drinks, sporting goods and the Children's World Care Centres, which it acquired last year.

Tourism chiefs fear Welsh arson stories

TOURISM earned Wales £510m last year, an increase of 7 1/2 per cent. But the Welsh Tourist Board fears its effort and investment is being wasted by "negative and over-dramatised" reports about holiday home arson, according to its annual report.

Continued from Page 1

Docks

something "very close to a riot." He added: "We were very sad that we had to let our negotiators down. But it was pressure from people in another section in our union which let us down."

Hill Samuel International Currency Fund Limited advertisement, including logo, text, and contact information.